

U.S. and EU Make Peace Over Trade With Iran

In Waiving Sanctions,
Clinton Gets European
Vow to Fight Terrorism

By Tom Buckle
International Herald Tribune

LONDON — The United States and the European Union moved to defuse their biggest trade dispute of recent years on Monday as President Bill Clinton lifted the threat of sanctions against European companies that invest in Iran and promised to seek congressional approval to waive sanctions on EU companies doing business in Cuba.

The agreement was hailed by European officials as a major victory in their two-year-old campaign against U.S. attempts to enforce its foreign-policy priorities on allies through unilateral trade sanctions.

In return for disarming the U.S. sanctions weapon, Mr. Clinton won a commitment from European governments to step up cooperation in combating terrorism and fighting the spread of weapons of mass destruction, including EU support to persuade Russia to stop assisting Iran's ballistic-missile program.

"The waivers we have granted today are part of our overall strategy to deter Iran from acquiring weapons of mass destruction and promoting terrorism," Mr. Clinton said.

But Senator Alfonse D'Amato, Republican of New York, the author of the sanctions law, said Monday: "The decision is a mistake. It will send a signal to others that they can do business as usual with Iran, at a time when Iran continues to pursue weapons of mass destruction and continues to sponsor terrorist acts."

The United States and the EU also agreed to work together to establish a set of global rules to protect investors against expropriation by foreign governments, something that Mr. Clinton said would effectively inhibit investment in expropriated properties. Cuba.

The agreement, which one EU official called "an armistice, not a peace treaty," left a few contentious issues unresolved, and U.S. officials acknowledged that Congressional approval to change the sanctions law on Cuba would not come easily.

But Mr. Clinton and Prime Minister Tony Blair of Britain expressed hope that the deal would remove one of the biggest irritants to closer political and economic cooperation across the Atlantic.

"We have avoided a showdown over sanctions and provided at least a chance of a solution in the future," said Mr. Blair, whose government holds the EU's rotating presidency.

Jacques Santer, the president of the European Commission, the executive agency that negotiates trade issues on behalf of the 15 EU nations, said: "The deal today means European businessmen can conduct their business without the threat of U.S. sanctions hanging over their heads."

In addition to the proposed sanctions settlement, the United States and the European Union agreed to seek ways to deepen the world's biggest trading and

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CHOOSING SIDES IN INDONESIA: A STRUGGLE FOR THE FUTURE



The coffins of unidentified victims of the riots in Indonesia being readied for burial at a mass grave on Monday.

In Jakarta, Options Are Narrowing

Suharto's Dilemma: Step Down, or Take the Tiananmen Route

By Nicholas D. Kristof
New York Times Service

JAKARTA — Faced with a snowballing movement demanding his resignation, President Suharto may increasingly see his options narrowing to a choice that could be catastrophic for the entire region: crush or be crushed.

The protests against Mr. Suharto's rule are becoming too massive to be ignored. On Monday the Parliament building, normally a political temple used to worship Mr. Suharto, was the site of extraordinary, dream-like scenes: thousands of university students marching through the gate, holding sit-ins, raising anti-Suharto banners, chanting "Bring down Suharto!"

Then came the climax, as the speaker of the Parliament announced to stunned cheers that the leaders of the five factions in the assembly would meet Tuesday and ask Mr. Suharto to step down. Mr. Suharto may well conclude — probably correctly, many analysts believe — that if this course of events continues, he will soon be a former president and his family may be humiliated and shorn of its multimillion-dollar corporate empire.

So Mr. Suharto, instead of bowing to the mounting public pressure and stepping down, may attempt the alternative: a Chinese solution, using military force to crush the opposition. It may be too late for this option, and it is not clear

whether the army would obey his instructions the way the Chinese Army obeyed orders to clear Tiananmen Square in 1989.

But even an attempt by Mr. Suharto to exercise this option would risk bloodshed, rifts in the armed forces and massive upheaval and uncertainty for Indonesia's 210 million people.

In a sign of the uncertainties and anxieties in the capital, troops guarding the perimeter of the Parliament building put on bulletproof vests on Monday morning. The protesters do not have guns, so the vests suggest that some generals may worry about an assault by rival army units. When a series of loud

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General Rejects A Demand for Suharto to Quit

By Seth Mydans
New York Times Service

JAKARTA — The struggle over Indonesia's future intensified Monday when the country's most powerful parliamentary figure called on President Suharto to step down, only to be countered by the country's most powerful military man, who said the president should stay on.

Students who have been demonstrating against Mr. Suharto for three months were at first elated, then enraged as the embattled president's fortunes shifted, and the stage was set for more confrontations in the streets of a city already devastated by days of rioting and hundreds of deaths.

The call for the president's removal was delivered on national television by Speaker of the House Harmoko, a longtime Suharto loyalist and political servant, who said the heads of all factions of Parliament would meet Tuesday to demand his resignation.

"For the unity of the nation, the president should wisely take the decision to resign," he said.

Four hours later, at a long-delayed

A Worried Region Adds Up the Costs

Riots in Jakarta added fresh injury to an already teetering economy. Indonesia's Asian neighbors wonder about a spillover effect on their economies. Battle-ready soldiers guard Parliament as protesters chant, "Hang Suharto and all his family." Page 4.

and abbreviated meeting with reporters, General Wiranto, the defense minister and chief of the armed forces, said that Mr. Harmoko was speaking only for himself and that his call for the president's resignation "has no legal basis."

That statement came after General Wiranto reportedly met with the president at Mr. Suharto's residence, then held a long closed-door session with other top military leaders.

Foreign diplomats, who were stunned by Mr. Harmoko's statement — which one of them said "did not fit any of our succession scenarios" — were astonished once again when General Wiranto held the line in the president's defense. "It's very, very shocking," said a Western diplomat who attended the general's briefing. "He's pushed things to an extreme. At the moment, he's decided to stick with Suharto."

He noted that all the military leaders were with the general at his headquarters. "Absolutely no one was missing," he said.

General Wiranto, who has been seen as one of the most moderate forces at the top levels of government, said Mr. Suharto "still has duties and obligations to perform," including carrying out reforms and proceeding with an announced cabinet reshuffle.

He also took a hard line against protesters, saying their demonstrations had led to the destructive riots, and he warned against the holding of a major protest rally that has been planned to mark a national holiday on Wednesday.

His statement put the military in the position of being the president's last line

See INDONESIA, Page 4

Justice Department Fires First Salvo at Microsoft

By Mitchell Martin
International Herald Tribune

NEW YORK — The United States opened a courtroom war against Microsoft Corp. on Monday, declaring that the company used illegal tactics to extend its monopoly in desktop-computer operating systems to Internet browsers and other products.

Attorney General Janet Reno said in Washington, "The Justice Department has charged Microsoft with engaging in anti-competitive and exclusionary practices designed to maintain its monopoly in personal-computer operating systems and attempting to extend that monopoly to Internet browser software."

After a last-minute talks over the weekend ended in failure, the federal government sued Microsoft in district court in Washington. It was joined by 20 states and the District Columbia, which filed a parallel action. The suits seek to

force Microsoft to either sell its new Windows 98 operating system without its browser, called Explorer, or to offer Explorer along with Netscape Communications Corp.'s competing program, called Navigator, and allow computer makers to remove either one.

The government also wants to "require Microsoft to give computer manufacturers the right to install their own first screen at the conclusion of the initial boot-up sequence, a first screen on which they can promote any products they wish," Ms. Reno said.

Windows 98 was shipped to computer makers on Monday, but it will not be available to the public until late next month. The suits do not seek to halt the distribution of Windows 98.

Although Joel Klein, the assistant attorney general in charge of the Justice Department's antitrust division, char-

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ISRAELI DENIAL — Prime Minister Netanyahu, speaking in Jerusalem, denying reports Monday that he had bowed to U.S. demands to withdraw from 13 percent of the West Bank. Page 8.

AGENDA

Russia and Iran to Boost Nuclear Ties

The Dollar			
New York	Monday 4 P.M.	previous close	
DM	1.7857	1.785	
Pound	1.6217	1.6262	
Yen	136.225	134.53	
FF	5.988	5.9845	

The Dow			
Monday close	previous close		
-45.09	9050.91	9096.00	
S&P 500			
Monday 4 P.M.	previous close		
-2.92	1105.82	1108.74	

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MOSCOW (Reuters) — Russia and Iran, brushing aside U.S. and Israeli concerns, said Monday in Moscow that they planned to step up their cooperation in the field of nuclear technology for nonmilitary purposes.

"We have very bright perspectives opening up before us," an Iranian official, Gholamreza Aqazadeh, said at a news conference.

He spoke after several days of talks with Russian officials that focused on the building of a nuclear power plant in Iran.

"We are seeking increased cooperation in the field of atomic energy for peaceful purposes," said Mr. Aqazadeh, who heads his country's Atomic Energy Organization.

The IRT on-line: www.irt.com

Pakistanis Turn to China For a Reason Not to Test

By Stephen Kinzer
New York Times Service

ISLAMABAD, Pakistan — A high-level Pakistani delegation arrived in Beijing on Monday, and analysts here said China might give Pakistan the defense assurances it needs in order to refrain from answering India's recent nuclear tests with tests of its own.

Foreign diplomats in Islamabad said Monday that China had emerged as the key country in Pakistan's wrenching choice of whether or not to follow India into the nuclear club. China is a traditional friend of Pakistan's and reportedly the source of most of its nuclear technology and material. Both countries also share a fear of India.

"The delegation that was sent to China is very high-level, and it is going not so much for consultations as to receive instructions," one ambassador said. "The Chinese can offer what no other country can offer, which is a public guarantee that they will reduce India to ashes if India dares to attack Pakistan. If they make this offer, which we should know fairly soon, there will be no need for Pakistan to test its own nuclear weapons."

President Bill Clinton and Prime Minister Tony Blair of Britain made a joint phone call to Prime Minister Mian Nawaz Sharif of Pakistan, urging him to forgo such tests, but got no assurances, The Associated Press reported.

Mr. Sharif has also named a delegation to visit European capitals and another to travel to Washington. Foreign diplomats here said they doubted that Pakistan would begin testing before the delegations return home in a week or so.

"It's a good sign," one European ambassador said. "I'd have a hard time seeing them doing something while these envoys are still out there."

Although no official announcement has yet been made, diplomats also said there had been indications that Mr. Sharif himself would soon leave on a tour that would take him to China and several Middle Eastern countries.

In another sign of the role that world opinion might play in Pakistan's decision, a special envoy for Prime Minister Ryutaro Hashimoto of Japan met Monday with Mr. Sharif. The envoy, Seiichi Noboru, said before the meeting that Japan, which is Pakistan's main trading partner and aid donor, hoped to

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Satellite 'Constellation' Wires the Earth

66 Orbiting Stations Allow Handheld Phone Linkup From Any Point

By Mike Mills
Washington Post Service

WASHINGTON — Perched atop a Delta II rocket, five 1,600-pound satellites rode into orbit from a California launch pad, marking the start of a new era in global communications.

They are the final members of a 66-satellite "constellation" now orbiting 421 miles (677 kilometers) above Earth. With them, a company called Iridium World Communications Ltd. is on target to begin offering a unique kind of wireless telephone and paging service Sept. 23. For the first time, if all goes according to plan, people will be able to send and receive telephone calls or electronic messages from any point on Earth using handheld phones and pocket-sized pagers.

Newsstand Prices			
Andorra	10.00 FF	Lebanon	3,000
Antilles	12.50 FF	Morocco	16 Dh
Caribbean	1.600 CFA	Qatar	10.00 QR
Egypt	EE 5.50	Réunion	12.50 FF
France	10.00 FF	Saudi Arabia	10 SR
Germany	1.100 DM	Senegal	1,100 CFA
Gabon	1,100 CFA	Spain	225 Ptas
Ghana	2,800 Cedis	Tunisia	1,250 Din
India	1,250 Rupees	U.A.E.	10.00 Dh
Jordan	1,250 JD	U.S. Mkt. (Eur.)	\$1.20
Kuwait	700 Fils		

"This is a great day," Edward Staiano, chairman and chief executive of Iridium, said of the launch Sunday from Vandenberg Air Force Base. "This puts us in business. Right now we're all feeling really good."

Iridium is aiming the service at more than 20 million people who travel internationally for business and personal reasons.

They include corporate executives and government workers who hate not knowing whether their cellular phones will work in a distant country. They also include relief workers, industrial employees, news correspondents and rural citizens in parts of the world where there

simply is no other form of two-way communication.

Until now, the best such people could do was use bulky, briefcase-sized satellite phones to reach the wired world. The larger size was necessary to send signals 22,500 miles into space, where they would bounce back to Earth off large, expensive satellites orbiting over the equator.

The \$5 billion Iridium system, the brainchild of Motorola Inc., is the first in a new breed of satellite communications. With phones that initially will cost about \$3,000 and pagers \$500, some

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Bone-Disease Drug May Help Prevent Breast Cancer

By Rick Weiss
Washington Post Service

WASHINGTON — A new drug may profoundly reduce women's odds of getting breast cancer, according to new data.

The drug, raloxifene, recently gained Food and Drug Administration approval for the prevention of the bone-thinning disease osteoporosis in post-menopausal women. But breast cancer prevention advocates and others have been watching the drug closely during the past several months, as hints of its potential power to prevent breast cancer began to emerge at scientific meetings.

At a conference in Los Angeles, doctors were

scheduled Monday to provide the first formal release of those data. Compared with those who took dummy pills, post-menopausal women who took one tablet of raloxifene daily had about one-third the odds of getting invasive breast cancer after two years.

"To see a 70 percent overall reduction in risk is astounding," said Steven Cummings, a professor of medicine and epidemiology at the University of California, San Francisco, who with V. Craig Jordan of Northwestern University led key raloxifene studies.

Unlike tamoxifen, the only drug until now shown to cut the chances of developing breast cancer, raloxifene so far seems not to increase the risk of endometrial cancer. And raloxifene's ability to prevent breast cancer appears to extend to women

who are not at especially high risk for the disease.

But some scientists and patient advocates cautioned against reading too much into the new results. The raloxifene studies have not gone on long enough to generate trustworthy numbers, they said. And in any case, the studies were designed specifically to look at the drug's effects on osteoporosis, not breast cancer. Not all women had annual mammograms to look actively for new breast cancers, for example, and only a fraction of participants received regular gynecological exams to watch for endometrial cancer.

Some activists also said that the significance of the early results was being exaggerated by the drug's manufacturer, Eli Lilly, or others in an effort to boost sales of the drug, an allegation that the company disputed.

No Geostategic Chess / From Trade Lawyer to National Security Adviser

Berger's White House Speed: 'Full Throttle'

By Elaine Sciolino
New York Times Service

WASHINGTON — When Samuel Berger arrived at the White House at 7:30 A.M. on May 11, he was stunned to learn that India had just completed three underground nuclear tests.

Mr. Berger, President Bill Clinton's national security adviser, frantically tried to assemble the facts before breaking the news to a furious Mr. Clinton at their regularly scheduled daily meeting two hours later. How could this have happened without any warning? the president asked.

Only 10 days earlier, Mr. Berger met with India's foreign secretary, delivering a message that Mr. Clinton was determined to "make a quantum leap" in elevating the U.S. relationship with India.

While he had made it clear that the two countries disagreed on nuclear issues, Mr. Berger gave no warning of dire consequences if India carried out its threat to test a nuclear weapon. He even asked for advice about which sites Mr. Clinton should visit on his trip to India this fall.

And, so, at the White House, Mr. Berger had no explanation to give the president. He absorbed Mr. Clinton's wrath, recommended swift sanctions and promised to produce a decision memo within 24 hours.

Mr. Berger is moving as fast as he can. The trade lawyer turned presidential adviser has little time or inclination to play geostategic chess. Instead, he is struggling to manage a string of crises, work the bureaucracy, cut deals, woo Congress and spin journalists.

In the six days before the India crisis erupted, Mr. Berger, 52, made an overnight, no-sleep trip to Moscow to warn Russia of possible sanctions if it did not curb missile-technology transfers to Iran. He spent all day Saturday on the next steps for dealing with Prime Minister Benjamin Netanyahu of Israel and preparing for Mr. Clinton's European trip.

IN BETWEEN he dealt with Indonesia, Kosovo and the strategy on Iran. He tried to stop Congress from going ahead with its moratorium on land mines and finished a newspaper opinion article on religious freedom.

"I only know how to do it this way, which is full throttle," Mr. Berger said in an interview. "And I'm sure there will come a time when I start singing 'Showboat' tunes in the Oval Office and they'll carry me out."

What often gets lost is how the pieces fit together.



Gerald Maron/The Washington Post

He is struggling to manage a string of crises, cut deals, woo Congress and spin journalists.

how adding countries to NATO fits in with promoting a stable Russia; how the problems with the Middle East peace effort fit in with long-term U.S. interests in the Gulf; how the failure to win trade-negotiating authority for the president fits in with promoting the elimination of trade barriers around the world.

"I really like him," said Henry Kissinger, who was criticized for doing nothing but strategic geopolitics when he held the job as security adviser under President Richard Nixon. "But you can't blame a trade lawyer for not being a global strategist. The security adviser reflects what the president wants, and I don't think the president asks him to come up with a global strategy."

Mr. Berger hedges at the suggestion that the administration has no overall strategy. He ticks off the strategic goals: preserving an undivided peaceful Europe, restoring the United States' relationship with China, dealing with terrorism and drugs and creating "a new architecture" for the global economy.

"You can't be successful if you can't think strategically, and you can't be successful if you're unprepared to be focused on every detail and make sure things get done," he said. "On the one hand

you're an author and on the other hand you're a garbage collector."

As the partner who built the international business portfolio of his law firm, Hogan & Hartson, Mr. Berger himself once acknowledged, however, that "grand strategies" can be overrated. "More often than not, they are rationales developed after the fact to explain a series of relatively ad hoc decisions that turn out reasonably well," he said during a panel discussion in 1991.

But at times, behind closed doors, even Mr. Berger expresses frustration that he is ground down by the crises du jour.

"Sometimes I think the only thing we're going to do in the next two years is bomb Iraq and bail out Indonesia," a colleague quoted him as having said recently.

The office of the national security adviser, a few steps away from the Oval Office, is where Mr. Kissinger plotted the secret opening to China, where Zbigniew Brzezinski thought up ways to outflank the Russians and where Robert McFarlane nearly brought down a president with a scheme to sell arms to Iran to finance guerrillas in Nicaragua.

Mr. Berger uses the office somewhat differently: as the command central to slog through the dozens of items on the "to do" checklist he prepares every Sunday night.

A veteran speechwriter, he worries about how foreign policies will play in the heartland. In December, for example, he persuaded Mr. Clinton to change out of his Santa Claus tie for the announcement that U.S. troops in Bosnia would not leave on deadline.

BUT THE heartland is where Mr. Berger also suffered his highest political defeat, enduring humiliation at a "town meeting" in Iraq in Columbus, Ohio, earlier this year when he, Secretary of State Madeleine Albright and Secretary of Defense William Cohen were shouted down by angry protesters.

A risk-averse lawyer who worked for clients like Toyota and Payless ShoeSource, Mr. Berger believes more in global economic power than in the balance of power.

Certainly Mr. Berger's close relationship with Mr. Clinton, whom he met at a rally during the presidential campaign of George McGovern in 1972, helps him along. He spends a minimum of 20 minutes every weekday morning with the president and is not afraid to give him unsolicited advice.

For Korean Workers, A Life-or-Death Crisis

By Kevin Sullivan
Washington Post Service

ULSAN, South Korea — Ahn Gun Jun stands on a Hyundai Motor Co. assembly line 10 hours a day, bolting heaters onto an endless stream of passing car frames. In return, Hyundai gives Mr. Ahn a life.

The company provides a three-room apartment for Mr. Ahn, his wife and their 6-year-old son for \$30 a month. The company pays him \$800 a month in wages, most of his medical insurance and his son's annual school fees. Someday it will pay half of his college tuition. The family owns a discounted Hyundai car, shops at the three inexpensive local department stores owned by Hyundai and enjoys the Hyundai Cultural Center's pool, bowling alley, theater and gym.

But now Mr. Ahn is faced with the grim possibility of striking against the company he loves, which has supported him for more than seven years. He said he did not want to demonstrate, especially if the protests turned violent, but he said he would follow his union's orders because "I have nowhere else to turn."

The government of President Kim Dae Jung faces no greater problem than how to contain the nation's militant labor unions. South Koreans have watched nervously as street protests turned bloody in Indonesia, which suffered a similar economic implosion. There, students are leading the protests against the authoritarian rule of President Suharto. But in South Korea, far more industrialized and democratic, the threat of violent street protests is coming from the nation's militant labor unions.

Labor leaders say the government and companies are asking workers to bear too much of the pain of South Korea's economic recovery. And they have vowed to take to the streets in great numbers in coming weeks, bringing with them workers, such as Mr. Ahn, who do not want to strike but feel they have no alternative.

"At my age, if I got fired, where else could I find work?" asked another Hyundai auto worker, Lee Hyuk Hoon, 37. "This is my 14th year here; this is all I know how to do. If I have to die sitting down, or die fighting, I'd rather die fighting."

Strikes have loomed since Hyundai announced plans to lay off 20 percent of its 46,000 workers by the end of June, making it the first of South Korea's industrial conglomerates, or *chaebol*, to do so. Hyundai's sales and production have fallen 40 percent as the domestic auto market has dried up, and the company says it must drastically reduce its labor force.

With the national economy a shambles, virtually every company is under extreme pressure to streamline its operations to survive — and that means unprecedented layoffs. About 8,000 people a day are losing jobs, mainly in small and mid-sized companies, and last year's 2.6 percent unemployment rate is predicted to shoot up to 10 or 12 percent by year's end.

President Kim, a longtime ally of organized labor, persuaded the unions to sign a no-strike agreement earlier this year. He warned them that strikes could scare away much-needed foreign in-

vestment. He told them that instead of striking, they should funnel their anger into politics by fielding pro-labor candidates in the June 4 local elections — the first time labor union candidates will be allowed to run.

But the truce came unglued on May Day when labor gave the government a taste of its rage as 20,000 protesters clashed with police in violent demonstrations in Seoul. Other social problems associated with layoffs are increasing as desperate unemployed workers look for ways to ease their situation and feed their families.

Officials say 25 South Koreans a day are committing suicide, and in some cases entire families are killing themselves. Crime is increasing. Robberies were up by almost 50 percent in the first two months of this year, and the police said many of the robbers were first-time offenders committing what some here are calling "IMF survival crimes."

A visit to Ulsan, the birthplace and symbolic home of organized labor in South Korea, helps explain the feeling of desperation and the problems faced by this nation's workers. Ulsan, a seaport city of about 1 million people, is a muscular tribute to Korean economic might. Nine major Hyundai companies build cars and ships here, employing more than 100,000 workers and coloring every aspect of life. Everyone's livelihood — from grocery store clerk to bartenders to cabbage farmers — depends on Hyundai; even the five engines are built by Hyundai.

But with the economy in such trouble, workers who thought they were safely locked into the Hyundai family for life feel vulnerable.

Sitting cross-legged on the shiny linoleum floor of his tiny Hyundai apartment, Mr. Ahn said that if he is laid off he will lose his home, his neighbors, his friends — just about everything in his life. Because so much is at stake, he said, he will demonstrate if the union tells him to. He would rather not swing steel pipes and fight with the police trying to break up union protests, he said, but he may have no choice.

If he is laid off, he said, he would rather try to find work as a taxi driver than kill himself. But he said the thought of losing his job is so terrifying that he could not rule out suicide.

"I can't say I would, and I can't say I wouldn't," Mr. Ahn said.

In South Korea, there is almost no security net to catch the jobless and, in the current economy, almost no chance of finding a new job. Also, most of South Korea's union workers are men, and they often equate their jobs with their lives. Losing a job carries enormous social stigma.

Chung Mong Gyu, chairman of Hyundai Motor Co., said the company had tried hard to retain workers and make layoffs as few and painless as possible. But he said the company's grim economic reality, plus government pressure to restructure, leaves Hyundai with no choice.

"Korea is a boat in a rough ocean," he said. "There are 10 people on board. All people cannot survive. We have to throw out two people."

"But the short-term pain, as difficult as it will be, is a necessary precondition if Korean business firms are to restructure and become more efficient in the future," he said.

Hong Kong Convicts 2 of Abusing Flag

The Associated Press

HONG KONG — In a case touching on freedom of expression, a court on Monday convicted two men of desecrating the Chinese and Hong Kong flags, but gave them relatively light sentences.

Ng Kung-siu, 25, and Lee Kin-yun, 19, were arrested for defacing the flags at a rally Jan. 1 that called for the end of one-party rule in China. The two are regulars at the frequent, small-scale opposition protests in Hong Kong.

They said they would appeal. Defacing the flags became illegal immediately after the British handover of Hong Kong to China last July 1 and carries a maximum penalty of three years in jail and fines up to \$6,400.

Magistrate Tong Man released the two men on \$500 bond each on condition that they avoid any more trouble with the law for a year.

Although the defendants admitted carrying defaced flags, their lawyer, Paul

Harris, argued that they were only exercising free expression as guaranteed by international human rights agreements and the Hong Kong Constitution.

Another defense lawyer, Albert Ho, said the ruling would in effect silence dissent in Hong Kong.

But Magistrate Tong ruled the ban on defacing the flags was essential to preserve public order.

He called the Chinese flag "a symbol which represents the state, her people and her land," and said it "should remain as a sacred symbol respected by all Chinese regardless of their social, political or philosophical beliefs."

Desecrating the national flag may provoke "a confrontation or even a riot," the magistrate said.

■ Legislative Elections Ahead

Opposition parties are favored to win most of the seats to be decided in legislative elections in Hong Kong on Sun-

day, according to a survey cited by Reuters.

The territory's 2.8 million registered voters will elect 20 candidates, or a third of the 60-seat assembly, in five multiple-seat geographical constituencies under proportional representation.

Thirty other seats will be picked by business and professional groups in "functional constituencies" and 10 by an 800-member Election Committee, also dominated by business groups. These 40 seats are expected to go overwhelmingly to pro-Beijing candidates.

In a survey conducted by Asian Commercial Research Ltd. of voting trends in the geographical constituencies, the Democratic Party led by Martin Lee looks set to win 11 of the 20 directly elected seats. Other opposition parties, such as The Frontier led by Emily Lau, will probably win two seats, while Christine Loh's Citizens Party will win one, the survey of 1,890 voters found.

A Prize for Reporting In the Global Interest

International Herald Tribune

WASHINGTON — The Center for Public Integrity, a nonprofit research organization based here, has created a new \$20,000 journalism award recognizing the best international investigative reporting on a transnational topic of world significance.

The annual award, made possible by a grant from The John and Florence Newman Foundation, will be presented in November at a conference at Harvard University hosted by the university's Nieman Foundation for Journalism.

Information can be obtained from the Center for Public Integrity of Investigative Journalists in Washington at (202) 783-3900 or via the Internet at <http://www.cpi-j.org>.

TRAVEL UPDATE

Air France Pilots Call 2-Day Strike

PARIS (Reuters) — Three unions representing Air France pilots called a 48-hour strike for Sunday and Monday after talks with management failed to satisfy them.

The unions are protesting a plan to introduce a new wage scale for newly hired pilots. The unions, SNPL Air Inter, SPAF and Snpac, said Monday that management had refused to engage in "constructive dialogue" at meetings last week and on Monday. The main pilots' union, SNPL, is not taking part in the strike.

Asian Tourism Slumps in Australia

CANBERRA (AP) — A sharp drop in arrivals of Asian tourists prompted the Australian Bureau of Statistics to warn Monday of a significant fall in tourism earnings because of the Asian financial crisis.

The number of tourists from Northeast Asia fell 8 percent in the fourth quarter of 1997, compared with the same period last year. The number of Southeast Asian tourists was down 12 percent.

Road traffic in Warsaw almost ground to a halt Monday after Vistula River bridges at Plock and Gora Kalvaria were closed for repair and 2,000 trucks were rerouted through the city. (AFP)

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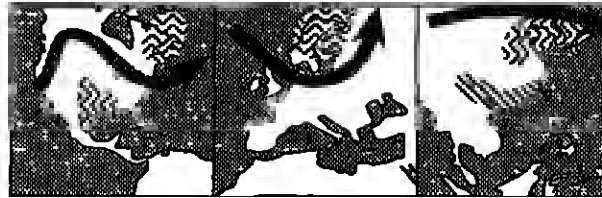
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The Danish union representing SAS cabin attendants called off an open-ended strike that was to have begun May 22, after an accord was reached on wages and working conditions. (AFP)

Iran Air inaugurated weekly service between Tehran and Copenhagen on Monday, the Iranian press agency IRNA said. (AFP)

WEATHER

Forecast for Wednesday through Friday, as provided by AccuWeather.



Legend: ☁ Unusually Cloudy ☁ Unusually Sunny ☁ Heavy Rain ☁ Heavy Snow

North America

Buffy thunderstorms will cross the Northeast and Thursday across the Midwest, then sunny and cooler Thursday and Friday. Hot and muggy in Friday, but all cold, mild in the Southeast and the southern Plains Wednesday through Friday. Turning cooler in the Midwest, but sunny and pleasant. Showers likely in the Pacific Northwest.

Europe: Mostly sunny, possibly cloudy, c-cloudy, showers, thunderstorms, rain, s-snow, rain, snow, rain, snow.

Legend: ☁ Unusually Cloudy ☁ Unusually Sunny ☁ Heavy Rain ☁ Heavy Snow

Maps, forecasts and data provided by AccuWeather, Inc. 01/98 - <http://www.accuweather.com>

Asia

Mostly sunny, possibly cloudy, c-cloudy, showers, thunderstorms, rain, s-snow, rain, snow.

Legend: ☁ Unusually Cloudy ☁ Unusually Sunny ☁ Heavy Rain ☁ Heavy Snow

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Latin America

Mostly sunny, possibly cloudy, c-cloudy, showers, thunderstorms, rain, s-snow, rain, snow.

Legend: ☁ Unusually Cloudy ☁ Unusually Sunny ☁ Heavy Rain ☁ Heavy Snow

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Oceania

Mostly sunny, possibly cloudy, c-cloudy, showers, thunderstorms, rain, s-snow, rain, snow.

Legend: ☁ Unusually Cloudy ☁ Unusually Sunny ☁ Heavy Rain ☁ Heavy Snow

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Africa

Mostly sunny, possibly cloudy, c-cloudy, showers, thunderstorms, rain, s-snow, rain, snow.

Legend: ☁ Unusually Cloudy ☁ Unusually Sunny ☁ Heavy Rain ☁ Heavy Snow

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Middle East

Mostly sunny, possibly cloudy, c-cloudy, showers, thunderstorms, rain, s-snow, rain, snow.

Legend: ☁ Unusually Cloudy ☁ Unusually Sunny ☁ Heavy Rain ☁ Heavy Snow

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THE AMERICAS

Workers' Death Crisis

vestment. He told them that instead of striking, they should funnel their anger into politics by fielding pro-labor candidates in the June 4 local elections. But the union labor union candidates were allowed to run.

But the union came unglued on May 1 Day when labor gave the government a taste of its rage as 20,000 protesters clashed with police in violent demonstrations in Seoul. Other social problems associated with layoffs were being as desperate unemployed workers look for ways to ease their situation and feed their families.

Officials say 25 South Korean families are committing suicide, and in some cases entire families are killing themselves. Crime is increasing. Robbers were up by almost 50 percent in the last two months of this year, and the police are calling "BTF" survival crimes.

A visit to Ulsan, the birthplace of a symbolic home of organized labor in South Korea, helps explain the level of desperation and the problems faced by this nation's workers. Ulsan, a port city of about 1 million people, is a muscular tribute to Korean economic might. Nine major Hyundai companies build cars and ships here, employing more than 100,000 workers and covering every aspect of life from livelihood — from grocery stores to restaurants to cab drivers — depends on Hyundai. Each day the city is built by Hyundai.

But with the economy weakening, workers who thought they were safe have been laid off. The Hyundai family is the most vulnerable.

Sitting cross-legged on the floor of his tiny Hyundai apartment, Mr. Ahn said that if he lost his job, he would lose his home, his neighborhood, his friends — just about everything. He said he would demonstrate if the government laid off workers. He would rather not work than work for a company that would lay him off. He would rather not work than work for a company that would lay him off.

Blind Student Leaps Barriers

'Just Hard Work' Brings Top Grades and Med School

By Jon Jeter
Washington Post Service

SOUTH BEND, Indiana — Sure but sightless, Timothy Cordes arrived on the campus of the University of Notre Dame four years ago, an 18-year-old freshman from Eldridge, Iowa, who wanted to enroll in the biochemistry program.

Faculty members tried, politely, to dissuade him. Just how, they wondered aloud, could a blind student keep up with the rigorous courses and demanding laboratory work of biochemistry?

Mr. Cordes graduated Sunday from Notre Dame with a degree in biochemistry and a 3.991 grade-point average on a four-point scale. He was the last of the 2,000 seniors to enter the crowded auditorium for commencement. His German shepherd, Electra, led him to the lectern to deliver the valedictory speech as his classmates rose, applauded and yelled his name affectionately.

Mr. Cordes starts medical school in two months, the second blind person ever admitted to a U.S. medical school. He does not plan to practice medicine, preferring research. "I've just always loved science," he said.

His life has been an act of open, manly defiance and unshakable faith. This un-

suming, slightly built young man with a choirboy's face awes acquaintances and friends.

Armed with Electra, a high-powered personal computer and a quick wit, Mr. Cordes received the top grade, A, in all his classes save for an A-minus in a Spanish class. Two weeks ago, he earned a black belt in the martial arts taekwon do and judo.

"He is really a remarkable young man," said Paul Helquist, a Notre Dame biochemistry professor. Mr. Helquist had doubts at first but ultimately recommended Mr. Cordes for medical school. "He is by far the most brilliant student I've ever come across in my 24 years of teaching."

If others find some noble lessons in his life, Mr. Cordes perceives it more prosaically: He has merely shown up for life and done what was necessary to reach his goals.

"I don't see myself as some sort of 'Profiles in Courage' story," he said. "If I've done that great, but the truth is that I did it all for me. It was just hard work. It's like getting the black belt. It's not like I just took one long lesson. It was showing up every day and sweating and learning and practicing."

His sophomore-year room-

mate, Patrick Murawsky, said: "The thing about Tim is that he's fearless and he just seems to have this faith. Once we were late for a football game and we had to run to the stadium. He had no qualms about running at top speed while I yelled 'jump, or I would yell 'duck' and he would duck. And we made it. He is simply amazing to be around sometimes."

Mr. Cordes has Leber's disease, a genetic condition that gradually diminished his vision until he was blind at age 14.

When doctors at the University of Iowa first diagnosed the disease when he was age 2, "it was the saddest moment of my life," his mother, Therese, said. She said the doctors told her, "He won't be able to do this, and don't expect him to be able to do this."

"So I went home," she said, "and just ignored everything they said."

The ability to conceptualize images has greatly helped Mr. Cordes in his studies. Mr. Helquist said. The study of biochemistry relies heavily on graphics and diagrams to illustrate complicated molecular structures. Mr. Cordes compensated for his inability to see by asking other students to describe the visual aids or by using his computer to



Tim Cordes, with Electra, giving his valediction.

re-create the images in three-dimensional forms on a special screen he could touch.

Mr. Cordes applied to eight medical schools. Only the University of Wisconsin accepted him. (The first blind medical student was David Hartman, who graduated in 1976 from Temple University in Pennsylvania and is a psychiatrist in Virginia.)

"Tim has always exceeded people's expectations of him," said Therese Cordes, who, with her husband, Tom, watched him graduate. "He really does inspire me."

High Court Lets Public TV Exclude Fringe Candidates

The Associated Press

WASHINGTON — U.S. public broadcast stations can exclude candidates not deemed "newsworthy" from debates sponsored by those stations, the Supreme Court ruled Monday.

Voting 6 to 3 in an Arkansas case, the court said the state-owned stations need not invite all ballot-qualified fringe candidates to participate in their debates. State employees can exclude the candidates without violating their free-speech rights, the court ruled.

Government-run stations do not run afoul of the First Amendment of the constitution by exercising "viewpoint-neutral exercise of journalistic discretion," Justice Anthony Kennedy wrote for the court.

The Professional Pilots Federation and two pilots, William Reiners 3d and Philip Shaw, challenged the rule, saying it violated the Age Discrimination in Employment Act, a 1967 federal law that protects workers over 40 from employer bias.

• Ruled that Montana need not pay the Crow Indian Tribe \$58 million — and hundreds of millions more in interest — for illegally collected taxes on coal mined on its reservation.

• Rejected environmentalists' challenge of a federal land and resource plan adopted for a national forest in Ohio. The court ruled that the effort to preserve trees from timbering operations was premature.

• Agreed to decide whether passengers can sue airlines in state court over injury claims not covered by a treaty

on international air travel.

• Refused to lift an order requiring the district attorney of New Orleans to surrender records on a 1960s investigation into the assassination of President John F. Kennedy.

After learning of the ruling in the broadcasting case, Mr. Forbes said he was "utterly stunned and shocked."

"They have overturned the First Amendment," he said from Arkansas. "It's very Orwellian. It's very chilling. It ought to scare the hell out of anybody with any brains."

Chief Justice William Rehnquist and Justices Sandra Day O'Connor, Antonin Scalia, Clarence Thomas, and Stephen Breyer joined Justice Kennedy. Justices John Paul Stevens, David Souter and Ruth Bader Ginsburg dissented.

POLITICAL NOTES

Transportation Bill Advances

WASHINGTON — Congressional negotiators have reached agreement on major elements of a \$200 billion transportation bill, raising expectations that the full Congress will be able to approve the measure before recessing for the Memorial Day holiday on Friday.

Details of the deal were not immediately made public. Many governors had expressed concern that a continued deadlock over the highway and mass transit bill would cause costly delays to repair and building programs.

The agreement came after a weekend of negotiating between Representative Bud Shuster of Pennsylvania and Senator John Chafee of Rhode Island, both Republicans, the two most senior members of the joint House-Senate committee writing the final bill. It has not been put on paper and is subject to approval by the full conference committee before it can be sent to the floor of each chamber for a final vote. The conference committee may act as soon as Tuesday. (NYT)

Clinton Supports Gifts Inquiry

BIRMINGHAM, England — President Bill Clinton has given support for a Justice Department investigation into possible efforts by Beijing to influence 1996 U.S. political campaigns but said no foreign-policy decisions by his administration affecting China were influenced by political contributions.

Mr. Clinton's comments Sunday followed newspaper reports that the Democratic fund-raiser Johnny Chung had told Justice Department investigators that he was given \$300,000 by a Chinese official to contribute to Democratic campaigns in 1996. The Justice Department also is investigating the administration's decision to export satellite technology to China to see whether it was influenced by contributions from a major Democratic donor.

Speaking at the end of the meeting of the Group of Seven leading industrialized nations and Russia, he said, "All the foreign policy decisions we made were based on what we believed — I and the rest of my administration — were in the best interests of the American people."

But the president added of the 1996 campaigns, "If someone tried to influence them, that's a different issue and there ought to be an investigation." (WP)

Quote/Unquote

Kathleen Frankovic, director of surveys for CBS News and a past president of the American Association for Public Opinion Research, on an exhibition at the group's annual convention marking the 50th anniversary of pollsters' conclusion that Thomas Dewey would unseat President Harry Truman. "In 1948, the error was overconfidence and belief in oneself. If we forget that, the same thing could happen any time." (NYT)



TILT — A three-story house in San Francisco leaning close to collapse after a mysterious explosion during the weekend injured 17 people, 5 of them seriously.

John Hawkes, Novelist, Is Dead at 72

New York Times Service

NEW YORK — John Hawkes, 72, a veteran and highly praised author of avant-garde and experimental fiction, died Friday in Providence, Rhode Island, where he lived.

The cause was a stroke that Mr. Hawkes had during heart bypass surgery Monday, his son Jack said.

Mr. Hawkes was called a figure "in a post-modern pantheon of experimental novelists who include John Barth, William S. Burroughs and William S. Burroughs" by Mel Gussow in The New York Times in 1996.

Applause for Mr. Hawkes's fiction also came from fellow writers and scholars. Mr. Gaddis once said Mr. Hawkes's "sentences are themselves events."

In an interview quoted in the journal Wisconsin Studies in Contemporary Literature in 1965, Mr. Hawkes said: "I began to write fiction on the assumption that the true enemies of the novel were plot, character, setting and theme, and having once abandoned these familiar ways of thinking about fiction, totality

of fiction or structure was really all that remained. And structure — verbal and psychological coherence — is still my largest concern as a writer."

His first novel, "The Cannibal" (New Directions), came out in 1949. His prominence in contemporary letters was enlarged by three novels published in the 1970s, "The Blood Oranges," "Death, Sleep and the Traveler" and "Travesty."

His 1985 novel "Adventures in the Alaskan Skin Trade" presents the girlhood reminiscences of the narrator, a middle-aged woman. In an interview in 1985, Mr. Hawkes said: "The novel is about the absolute ruthless, unintended control a father exerts over a daughter. It's a simple Oedipal thing." The book won a French award, Le Prix Medicis Etranger.

Blanche Revere Long, 93, Louisiana Political Power

NEW YORK (NYT) — Blanche Revere Long, 93, the Louisiana governor's wife who played Margaret DuMont to Earl Long's Groucho Marx in

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Malaysia	3.76
Singapore	1.36
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Timor	200.00
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Bhutan	200.00
Maldives	200.00
Comoros	200.00
Mozambique	200.00
Madagascar	200.00
Reunion	200.00
Mayotte	200.00
Guadeloupe	200.00
Martinique	200.00
French Polynesia	200.00
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ASIA/PACIFIC

Will Indonesia Take Asia Down With It? A Worried Region Wonders

By Michael Richardson
International Herald Tribune

SINGAPORE — Indonesia's downward spiral from rapid economic growth and political continuity into near-anarchy in barely 10 months is causing deep concern in Asian and Pacific countries, which now see a risk that the world's fourth-most populous nation may become a source of prolonged instability in a region widely hailed until recently for its progress and promising prospects.

Among the most worrisome issues for Indonesia's neighbors are the possibility of increased illegal migration or a massive flight of refugees, a further exodus of Chinese business people and capital, the fate of billions of dollars in debt payments owed to Japan, the potential for a rise in anti-Chinese and anti-foreigner sentiment, and possible disruptions to navigation in the Strait of Malacca and the flow of Indonesia's oil and gas exports.

"Indonesia has been the linchpin of stability in Southeast Asia," said Gerald Segal, an Asia specialist at the International Institute for Strategic Studies in London. "If it collapses, the whole architecture of security and cooperation among countries in the region can go with it."

The mass flight of Asians, as well as other

foreigners, from Indonesia in the last few days shows that many regional business leaders and investors have lost confidence — at least temporarily — in the ability of President Suharto's government to restore order, maintain its hold on political power and steer the economy through a painful recession to recovery, analysts said.

Indonesia's neighbors are reluctant to spell out their concerns publicly for fear of exacerbating a volatile situation. But some officials say privately that they fear they will have to deal with a large nation in a key strategic position that is increasingly unpredictable and may veer away from the generally moderate, pro-Western foreign policy followed by Mr. Suharto in his 32-year rule toward one that is more nationalistic and xenophobic.

Chinese-majority countries, such as Taiwan, Singapore, Hong Kong and China, are concerned that the exodus of Chinese business executives and money will damage Indonesia's chances of recovery and may set a precedent for similar harassment of ethnic Chinese minorities elsewhere in Southeast Asia.

"It is very sad that a grave situation has developed," the information minister of Singapore, George Yeo, said in an interview on state television. "All those years of efforts by Suharto

in nation-building and building up the economy have come to this terrible stage."

Joseph Estrada, the presumed winner of the May 11 Philippine presidential election, said Monday that the turmoil in Indonesia would affect all its neighbors.

"I hope and pray that they resolve their internal problems immediately because all of us will be affected," Mr. Estrada said, specifically citing concern about the possible impact on the Philippine economy of the return home of hundreds of Filipinos working in Indonesia.

Indonesia's immediate neighbors — Australia, Malaysia and Singapore — are worried that growing conflict and hardship in the country may drive Indonesian illegal migrants to their shores in search of jobs and a better life.

Alexander Downer, the foreign minister of Australia, said that Indonesia was "in a state of instability" because of the explosive mixture of political unrest, rising unemployment, drought and soaring food prices.

"It's an extremely volatile mix, and inevitably, the regime is going to be under a great deal of pressure," he said.

In its latest report to corporate clients, Political and Economic Risk Consultancy Ltd. in

Hong Kong said that Indonesia could experience widespread social unrest extending over a period of months. This might trigger a tough response by security forces which would unite and then radicalize opposition to the government.

"In such a situation, it is not difficult to imagine the government's opponents becoming not only anti-Suharto but also anti-Chinese and even anti-foreign on the grounds that both these groups either share responsibility for the nation's problems in some way or have helped prop up a hated regime," the consultancy said.

"Ultimately, there is a risk of some form of social revolution supported by elements of the military that sweeps away the entire regime. In this case, the economic clock really would be set back," it said.

Robert Broadfoot, managing director of the consultancy, said that because of Indonesia's importance as a source of raw materials and a destination for Japanese investment worth more than \$25 billion, Japan probably had more to lose than any other industrialized country if the Indonesian economy were to collapse.

"Of crucial concern for Japan right now, given the weakness of its own financial institutions, is the status of around \$23 billion in debt owed by Indonesia to Japanese banks," he

said. "Strategically, Tokyo could also find its imports from the Middle East under threat if social and political chaos in the archipelago disrupts vital international shipping routes."

Japan, South Korea and Taiwan buy oil and natural gas from Indonesia. They also depend heavily on regular shipments of oil from the Gulf that come through three international straits passing through or close to Indonesia, including the Strait of Malacca, which runs between the Indonesian island of Sumatra and Singapore and Malaysia.

A senior official of the ruling Liberal Democratic Party in Japan last week warned Indonesia that Japan's recently strengthened defense cooperation guidelines with the United States could be called into play if civil unrest and political change in Indonesia disrupted navigation through the straits.

Japanese officials have previously indicated that under the revamped U.S.-Japan defense guidelines, Japan would provide military support to the United States in any conflict across an area encompassing the Korean Peninsula, the Taiwan Strait, and the disputed Spratly Islands in the South China Sea. But there has never been any mention of the international straits that passed through or close to Indonesia.

Riots Added Fresh Injury To a Teetering Economy

Shortages Loom as Jakarta Tallies Cost of Unrest

By Mark Landler
New York Times Service

JAKARTA — As Indonesia's top political and military leaders wrangle over the future of President Suharto, the country's economy is paralyzed and a food shortage looms in the capital.

Three days after riots tore through Jakarta, the city crept back to life Monday, with banks and shops beginning to reopen. But commercial activity was still largely on hold, as residents added up the cost of the damage inflicted by last week's mayhem and foreigners continued to flee the strife-torn capital.

Insurance executives estimate that the two days of riots and looting inflicted more than \$1 billion worth of damage on Jakarta, with nearly 5,000 buildings and 2,000 cars, trucks, and motorcycles damaged or destroyed. The government said 534 bank branches had been attacked by rioters, adding physical injury to a banking industry that is already in desperate financial shape.

On Monday, serpentine lines formed at banks here as worried Indonesians rushed to withdraw money. Bank Indonesia, the central bank, had to inject cash into the banking system to cover the demand. People also crowded into supermarkets to buy food after three days during which most shops were closed.

Jakarta could soon be suffering from an acute food shortage, according to industry executives, because of ruptured supply lines and the large number of supermarkets gutted in the riots. Here, the largest supermarket chain in Indonesia, said 30 of its 50 stores in Jakarta were looted or burned.

While Hero opened as many stores as it could Monday, two other major supermarket chains remained closed. "Retailers are highly visible, and in a riot, it doesn't help to be highly visible," said Jim Jeffery, general manager of

distribution at Hero. Sitting in his office next to one of the blackened markets, Mr. Jeffery was trying to figure out how to stock his remaining stores with enough food to satisfy the crowds.

A potentially bigger problem is Jakarta's food distribution network, which is controlled by ethnic Chinese wholesalers. The Chinese were the highest victims of the mob violence, and thousands of them have fled for Singapore or Hong Kong. Mr. Jeffery said most of the food distributors were still closed, with no indication of when they might reopen their warehouses.

The government said Sunday it had adequate stocks of rice, sugar, soybeans, flour, and wheat to head off any shortages. Still, a senior government official acknowledged that the unrest had deepened Indonesia's woes and would aggravate efforts to rebuild the economy.

"Where we are currently trying to overcome the economic crisis, we now have an added burden," said Ginandjar Kartasasmita, coordinating minister for economics and finance, in remarks over the weekend.

Other experts said the tumultuous events of last week had shattered whatever remained of investor confidence in Indonesia. Several foreign companies — including Deutsche Bank, Atlantic Richfield and ABN Amro Bank — have closed their offices in Jakarta.

Even companies that have not closed are operating with skeleton staffs, as their expatriate employees are evacuated. "The riots must have absolutely destroyed foreign confidence in the country," said John Arnold, head partner of the Ernst & Young accounting firm in Jakarta.

Mr. Arnold said he spent much of the day calling around to see which of his clients were still in the country. "I fear that most of them are gone," he said.

The World Bank's director for In-



JAPAN PREPARES FOR INDONESIA EVACUATIONS — Colleagues cheering Japanese Self-Defense Force aviators near Nagoya on Monday as they prepared to board a flight to Singapore. Tokyo was dispatching six C-130 military cargo planes to evacuate Japanese from Indonesia if the unrest there became worse. Japanese officials feared that demonstrations set for Wednesday could lead to more violent riots.

donesia, Dennis de Tray, said in an interview with Reuters that the \$43 billion rescue package being assembled by the International Monetary Fund would be re-examined. As a practical matter, it will be delayed because many of the overseas accountants who are auditing Indonesia's troubled banks under the IMF program have left the country.

Jakarta has been able to keep its stock exchange open throughout the crisis, relying on connections to the Indonesian military to guard its office tower in central Jakarta. But trading almost ground to

a halt Friday, when most of the brokers stayed home. Just six of the 288 listed stocks traded.

When trading began Monday, the floor of the exchange was less than half full, with brokers reading newspapers and flashing weary thumbs-down gestures to people watching from the visitors' gallery. By the end of the session, stocks had dropped 4 percent on extremely light volume.

The Indonesian currency, the rupiah, has traded throughout the turmoil with predictable consequences. On Monday it

slipped to 12,250 rupiah to the dollar, a 40 percent decline in value from one week earlier.

The president of the Jakarta Stock Exchange, D. Cyril Noerhadi, said he felt it was critical to keep the exchange open, if only to contribute to a sense of normalcy. "Closing it would only have added to the uncertainty," he said.

But the few investors buying or selling Indonesian stocks have to contend with yet another uncertainty: how much damage companies may have sustained in the two days of riots and looting.

Rude Chants For Suharto, And Roses for The Military

By Seth Mydans
New York Times Service

JAKARTA — For four hours Monday afternoon, a line of battle-ready soldiers stood at the top of the broad staircase leading into the Parliament building, their rifles at the ready, their gas masks and riot helmets hanging at their hips.

In the courtyard below them, thousands of college students in bright blazers danced and whooped, competing to compose rude lyrics about the country's leader, President Suharto.

"Bambang and Tutut, their father is a dog!" they chanted, naming the president's two most prominent children, who have amassed billions of dollars in wealth at the country's expense. "Bambang and Tutut, their father is scary!"

In the center of the courtyard, the huge red and white Indonesian flag flew at half-staff in mourning for six students who were shot and killed during a campus demonstration a week ago. In the streets outside, thousands of shattered and blackened buildings were a reminder of the riots that tore the city apart last week. But for a few hours Monday, defying the president was fun.

"Hang, bang, bang Suharto!" the students chanted, jumping up and down. "Hang Suharto and all his family!"

Nothing like this had been seen in Indonesia before. The Parliament building is the seat of a government that has never brooked dissent, an arena dedicated to praise of the president and dutiful enactment of his wishes. But President Suharto is struggling for his political life, and rules are being broken.

The student demonstration came on a day when one of Mr. Suharto's chief lieutenants, the House speaker, Harmoko, called for the president's resignation, only to be blocked by the defense minister and army chief, General Wiranto.

In an effort to defuse the momentum of anti-government protests, the military allowed students from dozens of colleges to enter the Parliament building Monday morning to air their grievances in meetings with government representatives.

They marched into its marble halls carrying red roses, shouting "Reform! Reform!" and singing the national anthem: "Move, move together, bravely forward, we will win."

Delegations from several universities, together with their rectors, retired generals, religious leaders and cultural figures, met in separate rooms with groups of officials. In one room, representatives of the University of Indonesia met with General Hari Sabarno, the head of the military delegation in Parliament, handed him their roses and called him "brother."

"Suharto, de facto, is not our president any more," said Romo Wilangun, a prominent writer. "Everyone, even in the marketplaces, agrees that he is not our president any more. We ask you to help make this a legal reality."

Rendra, a poet, who like many Indonesians uses only one name, read out a specially composed verse that spoke of "the smell of blood" and "the blindness of the heart."

"Do you still want to lie to yourself?" the poem asked.

The general replied cautiously. "You start by giving me roses without thorns, so you are not trying to hurt me," he said. "But if they are not kept in a vase of water, roses will not last long."

As the meetings progressed, three tanks and two trucks full of troops appeared in the courtyard.

"It's the red caps," people murmured, referring to the special forces troops commanded by General Prabowo, who is married to Mr. Suharto's daughter and is the military man most feared by Indonesians.

When the students and their leaders emerged from the building, some handed roses up to the tank drivers, exchanging handshakes and hugs with them. The drivers and their troops looked uncomfortable.

"Would you obey orders to shoot civilians?" one of them was asked.

"No, never," he said.

"But if you received a direct order to shoot?"

"That would depend on the situation," he said.

INDONESIA: Uncertainty Mounts as Leaders Both Condemn and Support Suharto

Continued from Page 1

of defense in a country where his support is eroding quickly, with growing numbers of public figures joining the students' demands for a change.

Mr. Suharto himself, as he has since returning hurriedly from a foreign trip last Friday, made no public statement. But an aide said he would address the nation on television Tuesday.

In London, President Bill Clinton urged Indonesia's military to exercise restraint and said Washington was working to promote a political dialogue, Reuters reported.

[At a news conference after the U.S.-European Union summit, Mr. Clinton said the United States stood ready to help to put Indonesia's economy back on track once its political crisis has been resolved.]

"We want this country to come back

together, not come apart," he said. "We want the military to continue to exercise maximum restraint so that there'll be minimum loss of life and injury. We want civil society to flourish there."

Monday was a day of high drama both in public and behind closed doors as the world's fourth-largest nation wrestled over the fate of its once all-powerful president, who most Indonesians now agree has stayed on too long after 32 years as their leader.

The day began with the extraordinary spectacle of thousands of university students — ushered through the gates of the Parliament building by the military — shouting for Mr. Suharto's removal in the marble halls of the seat of government.

Together with university rectors, high-ranking alumni and several prominent public figures, they aired their grievances in dialogues with govern-

ment representatives in a remarkable gesture of openness in this polarized nation.

Among the public figures was Amien Rais, the popular head of a prominent Muslim organization who has presented himself as a candidate to succeed Mr. Suharto. He has said he would call 1 million people into the streets on Wednesday to demand the president's removal.

"Suharto!" he shouted, pointing at a portrait of the president on the wall. "The people do not trust you any longer. Please abandon your power. Please return your mandate."

Then, in the courtyard of the assembly building, the students danced and chanted, calling the president names and composing rude lyrics against him, as a line of riot-control troops held their weapons at the ready. The students then departed peacefully in a convoy of 16

buses. The day ended with what was clearly an intense struggle behind the scenes that left analysts with a handful of tantalizing questions.

Did Mr. Harmoko set on his own, without crucial assurances of military support? Did General Wiranto present Mr. Suharto with a demand for his resignation, and what transpired between them? What happened when he met with his fellow generals behind closed doors as reporters waited two hours for a delayed press conference?

Long tables were set in a military briefing room, complete with place tags for the heads of the five branches of the military and police, and for a dozen of their aides.

The place tags were then removed, and General Wiranto faced the press alone. He smiled, removed his cap, put



Harmoko, head of the ruling coalition, who called for Mr. Suharto to resign.

on his glasses, then read his brief statement with little inflection.

The bulk of his remarks displayed his anger at rioters who had rampaged for three days last week through Jakarta, damaging thousands of buildings and causing at least 500 deaths. His warning against future demonstrations suggested that Monday's tolerance for the students who entered the grounds of Parliament was at an end.

Indonesia, which gained independence from the Dutch in 1945, has never known a peaceful transition of power. Mr. Suharto, who is now 76, took power from the country's founder, Sukarno, in 1965 after the military announced that it had suppressed a Communist coup attempt. In the anti-Communist purge that followed, as many as 500,000 people were killed.

Since then, Indonesians have feared a repeat of that bloodletting and have drawn back from confrontations. Mr. Suharto has systematically stripped the country's institutions and prominent figures of power, turning Indonesia's power structure into a tight pyramid, with himself at the top, which he has controlled with the help of the politically active military.

But he has been a stickler for legalisms and all his moves have been made under the umbrella of the constitution and of the obedient political system he has created. Although he has concentrated power in his own hands, he has been careful to do so with the imprimatur of a Parliament that is packed with his supporters.

Even as discontent and calls for his removal swelled this year as Indonesia's economy collapsed, Mr. Suharto in March engineered his own reappointment, in a special electoral assembly, to a seventh five-year term.

SUHARTO: As Protests Against His Rule Grows, President's Options Begin to Narrow

Continued from Page 1

bangs erupted just outside one of the gates, there was a spasm of general nervousness — until it turned out that someone was setting off firecrackers.

That sense of bewilderment and nervous apprehension captures the mood in Indonesia today. History is being written, but no one can yet read what it says.

Mr. Suharto's strategy until now has been to dither and offer vague pledges, without either confronting the protesters or giving in to them, but this course seems unsustainable. Each day, more prominent public figures associated with academia, Muslim organizations and even the military are publicly calling on the president to step down, and the Indonesian news media are enthusiastically reporting this disintegration of his authority.

"Mr. Suharto has to resign and step down, the sooner the better," Amien Rais, who heads a large Muslim organization and has emerged as one of Mr. Suharto's most outspoken opponents, said on the grounds of the Parliament building Monday.

"Time," Mr. Rais added, "is working against Mr. Suharto."

The most common view is that Mr. Suharto is finished unless he still has the

support of key units in the armed forces — but he may have that. The army chief, General Wiranto, met Monday night with other top generals and then seemed to give the president his backing, suggesting that the call by parliamentary leaders for Mr. Suharto's resignation "does not have a legal basis."

The upshot is that the coming days may mark Indonesia's week of living dangerously.

Students and other opposition organizers seem determined to press ahead, with more anti-Suharto protests planned Tuesday along with the meeting of parliamentary leaders to call on Mr. Suharto to step down. Then on Wednesday, massive protests are planned all around Indonesia to mark the 80th anniversary of the beginning of the country's independence movement.

Many people expect Wednesday's demonstrations to be easily the biggest so far, and Mr. Rais, the Muslim leader, has said that there will be a million protesters on the streets of Jakarta and more than 500,000 in each of several other major cities. The authorities have generally tried to prevent protesters from leaving the university campuses, so these plans set the stage for a major confrontation.

General Wiranto warned against plans for the protest on Wednesday, but

he did not directly say how the armed forces would respond to it.

One fundamental problem is that Mr. Suharto does not have very much incentive to step down. The denunciations of him have become so fierce that his retirement would probably not be a dignified period as the country's senior statesman, but rather a humiliating period of fending off calls for investigations and for him to give up his family holdings.

Over the weekend, for example, two prominent Muslim scholars, Nurchoilish Majid and Emha Ainun Nadjih, held a news conference to call on Mr. Suharto to resign, to apologize to the people and to surrender his family's wealth to the nation.

The corporate empires that Mr. Suharto's children have accumulated have become a sensitive public issue and so Mr. Suharto may fear that once he is out of office there will be efforts to confiscate their wealth or even prosecute his children.

There is speculation that Mr. Suharto might be willing to resign if he could choose his own successor, someone like Vice President B. J. Habibie, a longtime associate on whom he could probably count to protect him and his family.

But Mr. Suharto has been so weakened politically that he is no longer

in a position to anoint a successor and the kinds of demonstrations and public pressure now used against him would probably also be directed at Mr. Habibie.

It is possible that a deal could be worked out whereby the presidency would pass to a military leader like General Wiranto, who has enough credibility — and troops — that he could probably hold on to the job, in exchange for pledging to protect Mr. Suharto.

But even such an arrangement might not stick, for the students say they will not settle for half-solutions.

If resignation is not an appealing option for Mr. Suharto, neither is the use of force — indeed, it is not clear that it is an option at all.

The problem is not that Mr. Suharto would be squeamish about shedding the blood of his enemies.

He may have been called the "smiling general" but behind the smile is a ruthless leader who played an important role in a brutal crackdown on leftists in 1965 and 1966.

Still, he has always preferred to eliminate rivals quietly, away from the spotlight, and he cares a great deal about his image. These days, the student movement has grown so much that a crackdown would have to be vast to succeed, and Mr. Suharto presumably knows that his image would never recover.

'Change in Geostrategic Situation' Is Cited by New Delhi Security Chief

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EUROPE



Chancellor Helmut Kohl during his keynote address Monday in Bremen.

Kohl Assails Rivals for Link to Ex-Communists

By John Schmid
International Herald Tribune

BREMEN, Germany — Chancellor Helmut Kohl lashed out at the opposition on Monday for aligning itself in a state government with the former Communist Party that descended from East Germany's Stalinists.

A combative Mr. Kohl reserved the most biting attacks in his two-hour keynote speech at the party congress of his Christian Democratic Union to stigmatize the opposition Social Democratic Party for their weekend agreement in Saxony-Anhalt in Eastern Germany to form a minority coalition with the support of the renamed Party of Democratic Socialism.

With dire warnings that the former

Communists offer only "uncertainty" and "instability" for Germany, Mr. Kohl meant to undermine the efforts of his challenger, Gerhard Schröder, to stake out the "new center" in German politics.

Trailing in the polls in the run-up to the Sept. 27 election, Mr. Kohl hopes that the former Communists could become Mr. Schröder's Achilles' heel. The attacks are meant to exploit a recent setback for Mr. Schröder within his own party after the candidate unsuccessfully lobbied to prevent party colleagues in Saxony-Anhalt from cementing their alliance with the Party of Democratic Socialism.

Social Democrats in Bonn, frustrated by their maverick party colleagues in the

East, have vowed to keep the PDS out of any federal coalitions.

Mr. Kohl's allies hope to portray Mr. Schröder, who bases his campaign on an appeal to middle-of-the-road swing voters, as a man who cannot control his own party's extreme left wing. The Social Democrats threaten to lead Germany to a "republic of the left," Mr. Kohl said.

"The radicals of left and right have brought only misfortune in this century and they must not have any further influence," Mr. Kohl said, eliciting a round of strong applause from the 1,000 delegates meeting in this northern German city.

Aiming to incite fears among mainstream voters in Western Germany, where the PDS is largely anathema, Mr.

Kohl warned that Social Democrats are poised to strike two more coalition deals with the PDS in other East German states, Thuringia and Mecklenburg-Western Pomerania.

Hoping to put Mr. Schröder on the defensive, Mr. Kohl said the alliances with the PDS threatened German foreign policy with "a loss in trust in the world."

Mr. Kohl's speech, which the party had billed as one of the most important in the election campaign, won him a 10-minute standing ovation and chanting of "Helmut! Helmut!" Mr. Kohl had high expectations riding on the two-day convention, which he said he hopes will become the turning point in an uphill race.

BRIEFLY

Latvian-Russian Talks Sought

RIGA, Latvia — President Guntis Ulmanis of Latvia asked his Foreign Ministry on Monday to arrange a meeting with Boris Yeltsin after the Russian president seemed to signal a thaw in the two countries' frozen ties last week.

Russia accuses Latvia of having discriminated against its Russian minority since the collapse of the former Soviet Union in 1991. Last month, Moscow threatened to impose trade sanctions.

A diplomatic battle erupted in March over Latvia's 700,000 Russian-speakers, a third of its population. The dispute began when Riga policemen broke up a demonstration of mainly Russian pensioners and worsened after a small bomb exploded near the Russian Embassy.

Russia says that Latvia discriminates against Russian speakers by refusing to give them automatic citizenship. Latvia says most of them arrived during the 50 years that Latvia was occupied and an enforced member of the former Soviet Union and must therefore naturalize as citizens like immigrants. (Reuters)

Western European Union Meets

PARIS — The Western European Union assembly opened a three-day meeting in Paris on Monday, with the crisis in Kosovo as well as the defense organization's role in European security as the top issues.

Greece's minister for European affairs, George Papandreu, told the meeting that the organization needed to work to strengthen its military component.

The WEU was established in 1948 by Britain, France, Belgium, the Netherlands and Luxembourg, with Germany joining in 1954. Despite a revival over the last decade as the EU's embryonic defense arm, the organization still stands deep in NATO's shadow. (AP)

Cook to Visit Turkey for EU

ANKARA — Foreign Secretary Robin Cook of Britain will visit Ankara on Tuesday on a difficult mission to put ties between the European Union and Turkey back on track.

Relations have been frozen since the EU decided in December not to launch membership talks with Turkey in the foreseeable future. Eleven other countries were accepted as membership candidates.

In his one-day visit, Mr. Cook is to meet Prime Minister Mesut Yilmaz and Foreign Minister Ismail Cem, a Turkish spokesman, Necati Ukan, said. He gave no details.

"We think Mr. Cook will be able to bring us something new that will open the way to a thaw in our relations," a source close to the Turkish government said, adding that the most important issue for Ankara is the lifting of a veto on the payment of money owed to Turkey.

Mr. Cook is representing the EU because Britain is the current president of the group. (AFP)

Yugoslav Prime Minister Ousted

The Associated Press

BELGRADE — Yugoslavia headed for more political trouble Monday as parliamentary deputies loyal to President Slobodan Milosevic voted to oust the country's prime minister over his refusal to clamp down on reformist Montenegrin leaders.

The upper house of the Yugoslav Parliament voted, 21 to 2, to oust Radoje Kontic, a Montenegrin. Seventeen legislators did not vote. In the 138-seat lower house, the vote was 90 to 10 against Mr. Kontic, with the rest abstaining.

Mr. Milosevic's hard-line allies held a majority in both chambers of the federal Parliament. The firing means that a new prime minister and government will have to be elected by the legislature within a month.

Before the vote, Montenegrin pro-Western reformist president, Milo Djukanovic, warned Mr. Milosevic that Yugoslavia, now composed of dominant Serbia and Montenegro, could break up if Mr. Kontic was ousted.

Mr. Milosevic "could become

Yugoslavia's grave-digger," Mr. Djukanovic said from Montenegro before the parliamentary session started in the capital, Belgrade.

Independent media in both Serbia and Montenegro have warned of a possible civil war in Yugoslavia if Mr. Milosevic attempts to dominate Montenegro by using force to topple the democratically elected Mr. Djukanovic.

The motion to dismiss Mr. Kontic was filed by a Montenegrin party led by the republic's former president, Momir Bulatovic, an ally of Mr. Milosevic and an opponent of Mr. Djukanovic.

Formally, Mr. Kontic was accused of incompetence in running the country's economy. But Mr. Djukanovic said Mr. Kontic was punished for refusing to impose a state of emergency in Montenegro when Mr. Bulatovic lost presidential elections there in October.

Outlining the motion to oust Mr. Kontic, hard-line deputies blamed him for being "neutral" on Montenegro's political situation, where Mr. Milosevic's foes are gaining ground.

Serbia and Montenegro have parliaments that supply representatives to the federal Parliament.

Mr. Milosevic apparently hopes that Mr. Kontic can be replaced by Mr. Bulatovic or some other ally ahead of Montenegrin elections on May 31. Then, a state of emergency could be imposed in Montenegro if Mr. Milosevic's allies lose the parliamentary vote there.

Under a state of emergency, the military or police would take over Montenegro.

Mr. Djukanovic has said that if his party wins parliamentary elections, he will seek Mr. Milosevic's removal.

On Saturday, Montenegro's Parliament recalled 6 of its 20 representatives from the Yugoslav Parliament in an apparent attempt to forestall the vote against Mr. Kontic.

But the six, all Milosevic allies, attended Monday's session. Mr. Djukanovic's party said this was a clear breach of the Yugoslav Constitution.

Opponents in Duma Reaffirm Hard Line Against Arms Pact

By David Hoffman
Washington Post Service

MOSCOW — Despite President Boris Yeltsin's renewed pledge to push for ratification of the START-2 accord that would cut American and Russian nuclear arsenals, the agreement still faces hostility and delays at the hands of Communists and nationalists who control the lower house of Parliament.

Parliamentary sources said Monday that hopes for ratification this spring had faded. It now appears that further delay is likely, perhaps until the fall. The Kremlin said Mr. Yeltsin would take up the issue with the legislative leadership this week, after he promised President Bill Clinton over the weekend at the Group of Eight summit in Birmingham, England, to try and get the treaty approved.

Mr. Clinton has said he will not attend a Moscow summit with Mr. Yeltsin until the

treaty is ratified, and has promised quick movement toward a START-3 agreement after ratification.

Mr. Clinton last held a summit in Russia with Mr. Yeltsin more than two years ago. One year ago, at their meeting in Helsinki, Mr. Yeltsin also promised to push for ratification, but little happened. The treaty was signed in 1993 and has already been ratified by the U.S. Senate.

Gennadi Zyuganov, the Communist Party leader, reiterated his opposition to ratification on Monday. "Now that the country's defense complex and armed forces have been ruined, we cannot eliminate the last nuclear shield," he said. Mr. Zyuganov controls the largest single block of votes in the 450-member State Duma, or lower house of Parliament.

Vladimir Zhirinovskiy, the ultra-nationalist, also predicted on Monday that the treaty would have rough sledding in Parliament, although it may get a hearing in the spring

session. "START-2 will not get through, despite Boris Yeltsin's optimistic statements at the G-8 summit," Mr. Zhirinovskiy said.

Officials in the Duma said the prospects for the treaty, which would approximately halve both sides' strategic nuclear arsenals from the START-1 levels, had been promising in the spring. But the fight Mr. Yeltsin waged with Parliament over approval of Sergei Kiriyenko as prime minister left a bitter taste among the Communists and nationalists, they said.

"In the nearest future, the treaty doesn't have any chance," said a Duma official familiar with the treaty. "If there were political will, it could be put to a vote now. But there is no political will. Every chance was lost in April when Kiriyenko was approved."

Mr. Yeltsin prevailed over his opponents on Mr. Kiriyenko, narrowly winning confirmation on the third ballot, overwhelming the Communists. The deputies were cornered when

they were approving Kiriyenko, and now they will try to make up for what they have lost," by stalling on START-2, the official said.

Supporters of the treaty had tried this week to persuade the Duma to create a single committee to streamline consideration of the agreement, but they were defeated. Now, the treaty has to be considered "separately" by three committees.

Military leaders have been increasingly outspoken in urging the Duma to ratify the treaty, saying that Russia cannot afford a new arms race with the United States, and that START-2 would keep both sides at lower levels of arms. By most expert estimates, because of obsolescence and economic hardship, Russia cannot even afford to maintain the START-2 levels of warheads — 3,500 to 3,000 on each side — and would push for lower levels in the next agreement. Mr. Yeltsin has said in the past that Russia needs only 1,000 to 1,500 warheads.

Rights Body Asks Turkey To Intervene

Reuters

ANKARA — An international human rights watchdog group asked Turkey on Monday to take serious steps to prevent future attacks like the shooting of the country's leading human rights worker.

"We resolutely want you to take solid steps to prevent such events occurring again," the International Federation of Human Rights Leagues wrote in a letter to President Suleyman Demirel and Prime Minister Mesut Yilmaz.

Akin Birdal, head of the Human Rights Association, survived being shot six times in the chest and leg at his office last week. The shooting came after leaks to the press linked him to separatist Kurdish guerrillas. The Turkish rights group denies any links to Kurdish rebels.

The chairman of the Paris-based federation of rights groups, Patrick Baudouin, read the letter out loud after visiting Mr. Birdal in an Ankara hospital.

"Our message is clear," he said. "Your words giving guarantees are not enough anymore. From now on you have the duty of realizing what you have said."

Human Rights Association officials say about a dozen members of the group have been killed since it was formed in 1986.

Mr. Birdal, who is also deputy chairman of the international federation, has been an outspoken critic of rights abuses in Turkey and has accused the state of conducting a "dirty war" against Kurdish Workers Party rebels in the southeast. More than 28,000 people have been killed in the conflict.

Turkey's human rights record has often come under fire from the West.

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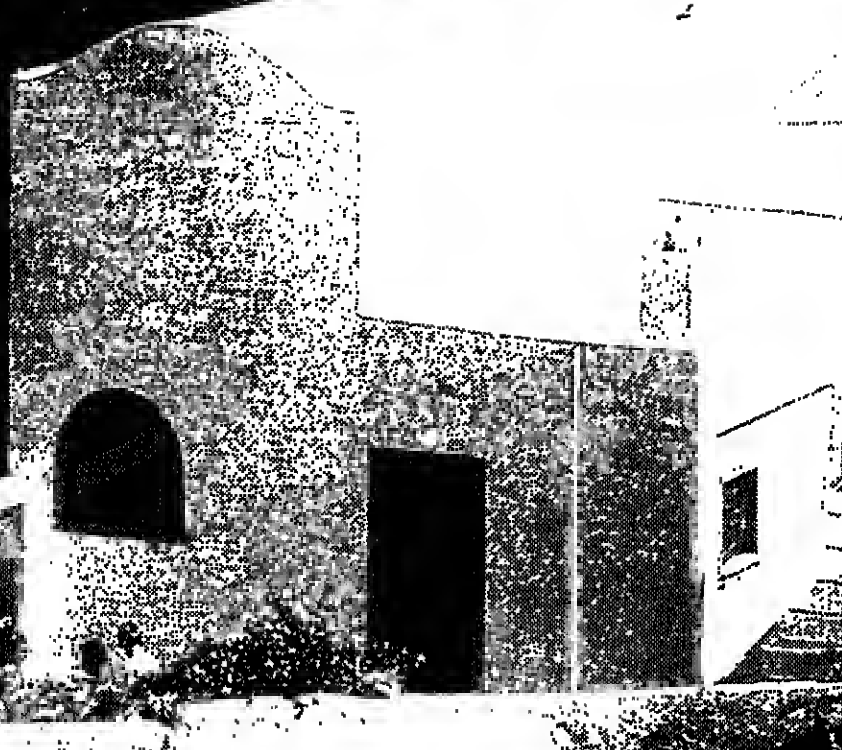
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DESTINATION GREECE DOORWAY TO THE MEDITERRANEAN

CRUISING AND YACHTING IN THE BLUE AEGEAN

Present-day travel opportunities prove that the Greeks are still specialists in sailing the wine-dark sea.

Cruise ships visit some of Greece's best-known sites, from Rhodes to Delphi, as well as other famous Mediterranean ports.



"DESTINATION GREECE: DOORWAY TO THE MEDITERRANEAN" was produced in its entirety by the Advertising Department of the International Herald Tribune. Writers: John Rigos in Athens. Program Director: Bill Maher.

Compared to a single destination holiday, a cruise to the Greek islands is a dream come true for many. At an average of \$150 a day, including sumptuous meals on board, cruising the blue Aegean and visiting a different island or port each day is an unbeatable bargain. It is also a multi-million-dollar market being vied for by a growing number of companies, especially from the United States.

Come January 1, 1999, cabotage — Greece's right to restrict sea transport between Greek islands exclusively to cruise ships flying the Greek flag — is to be lifted in conformance with European Union legislation. This will open the doors to cruise ships from other countries to compete with the Greeks, endangering an industry that is important to the Greek economy, especially when it comes to closing the country's balance of payments deficit.

To face this "invasion," Greek cruise-ship owners and operators are seeking the harmonization of legislation with Greece's European partners in the cruise sector so that they can compete on equal terms. The issue is now being discussed in Brussels at the ministerial level, and decisions will be made in June.

According to Andreas Potamianos, president of the Greek Shipping Association for Passenger Ships, the cruise industry worldwide has grown dramatically in the last 20 years, with an estimated 40 million people taking cruises in that period,

mostly in the Caribbean and off the south coast of the United States. About 40 percent of the passengers (16 million) embarked in the last five years, and estimates are that another 40 million people will take a cruise in the next five years alone. Good-value fly/cruise deals and the publicity surrounding the movie about the ocean liner Titanic have rekindled interest in cruise travel.

Local expertise

Faced with competition from newcomers to the Eastern Mediterranean market, Greek cruise-ship owners and operators say it is not possible for large ships of 100,000 tons with 2,000 to 2,500 passengers to provide the personalized service of the smaller Greek ships.

"Landing so many people on a Greek island takes time and, more important, deprives them of the Greek atmosphere, the taste of Greece, which come with visits to souvenir shops, small tavernas, museums and archaeological sites," says one cruise office operator. Life on board the larger ships also lacks the traditional hospitality the Greeks provide, he adds. For example, Classical Cruises and Tours offers an 11-night Family Adventure Learning Program on its 84-passenger ship Clelia II, which helps young people explore Greece's Aegean islands and Turkey and learn about classical civilization.

The recent 14 percent devaluation of the Greek drachma will make overall tourism to Greece more attractive but will not affect

cruises, since their prices have always been set in U.S. dollars.

Some of the shore excursions on the itineraries of the cruisers in the Eastern Mediterranean include a visit to the monastery and the grotto on the island of Patmos, where St. John wrote the Apocalypse, and a day trip to Ephesus in Turkey. There, history comes to life as visitors walk down a marble road flanked by the ruins of countless chariots to the amphitheater where St. Paul was arrested. In Istanbul, where most four- and seven-day cruises stop, tourists are able to visit the Topkapı Museum, where the treasures of the Ottoman Empire are on view.

In the Aegean, all ships visit the picturesque island of Mykonos, playground of the rich and the famous, with its maze of narrow alleys built to thwart pirates in days gone by; the medieval castle of the crusading Knights of St. John on the island of Rhodes; or Delphi, where ancient warriors consulted the oracle.

Royal Olympic cruise ships also stop in Egypt, where their passengers can visit the Pyramids in Cairo, the only remaining wonder of the ancient world. In all these excursions, tourists are accompanied by government-licensed guides. The 14-day cruises also present a special program of lectures on history, archaeology, art, astronomy and mythology.

Cruises last from three to 14 days and, according to the location of the cabin chosen, rates range from \$575 to \$1,095 for a three-day cruise

to \$2,795 to \$5,065 for a deluxe suite on the 14-day cruise. These rates are before the discounts usually made by booking agents.

Guests are pampered by the staff, who serve them breakfast, lunch, dinner and midnight snacks, with a large variety of choices on each menu. There is hardly a dull moment on board the ships; activities include swimming, Greek dancing lessons, bingo and skeet during the day, and casinos, live entertainment and a variety of programs in the evening.

For visitors to Athens with little time to spare, there is a one-day cruise that stops at Aegina, Poros and Hydra, with live music and Greek dancing while at sea.

The yachting option. Many tourists, however, prefer cruising in small groups by renting a yacht or a berth or a cabin on a small cruiser. Greece, according to Michael Ghiolman, vice president of the Greek Yacht Brokers and Consultants Association, operates about 5,500 professional licensed yachts. These are privately owned, employ about 10,000 crew members, and bring in about \$300 million annually.

Mr. Ghiolman says people often believe yachting is only for the wealthy, but points out that a Greek-flag yacht accommodating eight people with a crew of three now rents for as little as \$1,500 a day, making it a bargain holiday adventure.

According to broker Aris Drivas, a sailing yacht with a skipper and accommodating

six people costs about \$500 a day, while bareboats (without crew) may cost as little as \$150 a day.

The Greek Yacht Brokers and Consultants Association is seeking the extension of the required length from 8 meters to 12 meters (10 feet to 40 feet) for power boats rented bareboat (without crew), thus cutting down operating costs and making them more competitive. Sailing yachts of up to 15 meters can be rented without crew.

For the demanding guest, however, there are yachts that cost between \$5,000 and \$15,000 a day. Such yachts, accommodating between 12 and 20 guests, have large crews and excellent chefs. One of them is O'Paris, a 42-meter-long cruiser, built last year in Italy, that has a crew of seven and accommodations for 12 people, according to Mr. Drivas.

There are also a number of large yachts on which tourists can hire a cabin for about \$1,000 a week, including breakfast and one meal. Such boats can carry between 20 and 40 guests, according to Mr. Drivas, and they are preferred by tourists who want to visit small islands and isolated shores where regular cruisers do not stop.

Vasso Papandreou, the minister of development, who is also in charge of tourism, has put forward plans for 15,000 new berths for yachts by the year 2000, at a cost of \$76 million. After the basic harbor works are completed, private investors will integrate this infrastructure and take over the administration and management.

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INTERNATIONAL

Netanyahu Denies Report of 13% Pullout Pact

By Serge Schmemmann
New York Times Service

JERUSALEM — Prime Minister Benjamin Netanyahu summoned a press conference on his return from the United States on Monday to deny reports that he had agreed to a withdrawal from 13 percent of the West Bank, as sought by the Clinton administration.

Mr. Netanyahu issued the denials as Secretary of State Madeleine Albright met in London with the Palestinian leader, Yasser Arafat. Her spokesman, James Rubin, also denied progress, and Mr. Arafat left the meeting with no comment.

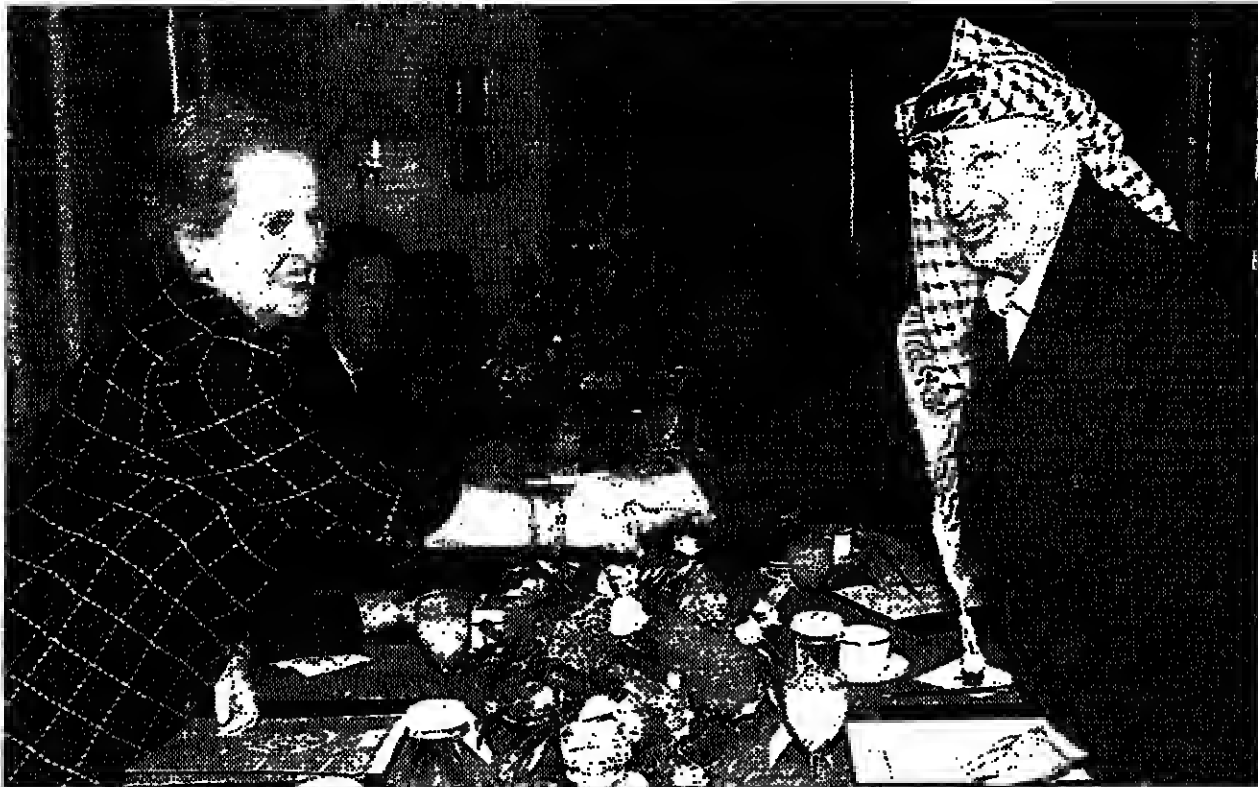
"I cannot say that we have a breakthrough," Mr. Rubin said. "On the contrary, we are working very hard to overcome the differences."

[President Hosni Mubarak of Egypt and President Jacques Chirac of France proposed convening a Middle East peace conference attended by all countries that are resolved to save peace, Reuters reported Monday from Paris.]

"This conference would maintain and confirm all existing principles and agreements," a joint statement said after the two men met in Paris. It said the conference they proposed was aimed "at giving new hope, a new energy to the peace process." No details were given on when or where such a conference would be held.

In the course of his five-day visit to Washington and New York, Mr. Netanyahu held several meetings with Mrs. Albright to try to resolve the confrontation with Washington over conditions for resuming Israeli-Palestinian negotiations. The Clinton administration has proposed a package that would include a 13 percent withdrawal followed by yet another pullback.

Mr. Netanyahu has argued that anything over 9 percent would endanger Israel, and during his visit he garnered widespread support for his stance from congressmen and American Jewish groups.



Mrs. Albright meeting Monday with Mr. Arafat in London, where they discussed the stalled peace efforts.

Then on the eve of the prime minister's return, Israel Radio said that according to "sources in the prime minister's entourage," Mr. Netanyahu had agreed to the 13 percent redeployment on condition that the third and final withdrawal called for in the Oslo agreements be scrapped.

Those reports evidently prompted threats from the National Religious Party and other right-wing members of Mr. Netanyahu's coalition that they would bolt.

"Of course we had serious talks, I hope also useful talks, with Secretary of State Albright," Mr. Netanyahu told the hastily called press conference. "During

these talks reports were published which were untrue, as though I had agreed to a second redeployment of 13 percent. This is untrue. And in general, the quantitative elements of the redeployment have not yet been agreed."

"We made limited progress on several things and ideas, but no agreement was reached and there is no breakthrough at this moment," Mr. Netanyahu said. "There are various ideas but I don't think we can yet announce a solution."

Mrs. Albright's meeting with Mr. Arafat was also arranged quickly. The secretary of state reportedly telephoned Mr. Arafat in the middle of the

night in Oslo, where he was on a visit, to arrange the meeting.

Dennis Ross, the special American mediator for the Middle East, also flew to London for the meeting.

Mrs. Albright's only explanation for the meeting was, "I wanted to consult with him, to talk with him. It's important to stay in very close touch."

In a speech to a meeting of the Socialist International in Oslo, Mr. Arafat gave a bleak assessment of the peace. He said the Israeli government was "not serious" about arriving at a real peace.

"The alternative pending in front of us in case the peace process in the region fails is total chaos," he said.

PAKISTAN:
Delegation in China

Continued from Page 1

defuse the "highly dangerous situation" created by the specter of nuclear competition between India and Pakistan.

As senior Pakistani officials meet with foreign leaders here and abroad, other delegations named by the prime minister are visiting Pakistani cities for meetings with leaders of political parties and civic groups. Aides said Mr. Sharif wanted to determine if a "national consensus" exists on Pakistan's entering the nuclear club.

Finding a consensus will be difficult not only because of divisions in public opinion, but also because many Pakistanis are themselves of two minds. Opposition political leaders, however, are intensifying their demands that the government begin testing immediately.

Leaders of more than 30 opposition parties, many of them religious-oriented, have held a series of meetings in Karachi in recent days and have announced that they will call for public demonstrations this month to demand nuclear tests.

"The defense of Pakistan cannot be left to the mercy of other countries," said Abdus Attar Khan Niazi, an organizer of the meetings. "The government must show the world that Pakistan is capable of defending itself."

The most prominent opposition figure, former Prime Minister Benazir Bhutto, who is planning to return to Pakistan this week despite threats that she will be arrested on corruption charges, has warned that the country will face war with India over the disputed region of Kashmir if it does not produce a nuclear deterrent within the next few weeks.

Ambassadors from European countries met Monday in Islamabad to discuss steps they might take to help dissuade Pakistan from testing a nuclear device. They decided to ask their governments for permission to approach opposition leaders and urge them to stop demanding tests.

"More ambassadors think they will test than not, but there is still hope, especially if there is a strong signal from Beijing," said an European envoy who attended the meeting. "It would be very positive if we could get these opposition leaders, plus the foreign minister, to stop putting pressure on the government to detonate a bomb."

Foreign Minister Gohar Ayub Khan has been asserting that a Pakistani nuclear test is all but certain, seemingly contradicting Mr. Sharif's statements that no decision had been made. Tariq Ataf, a Foreign Ministry spokesman, appeared to support the prime minister's position Monday, asserting that Pakistani leaders "are not making a decision in haste" and will "take into consideration all factors that must go into this decision."

Some analysts in Pakistan maintain that Mr. Ayub Khan is making hard-line statements to position himself for future political campaigns as a militant nationalist. Others say he is trying to press Mr. Sharif into ordering a nuclear test.

■ The Case for Not Testing

In London, Mr. Clinton and Mr. Blair together made a 30-minute call to Mr. Sharif to "set out the case for not testing a nuclear device," The Associated Press reported, quoting the White House spokesman, Michael McCurry.

"They said a decision not to test would be strongly supported by the international community," Mr. McCurry said, adding that Mr. Sharif had "made no commitments" but explained the difficulties he was facing in making the decision.

Mr. Clinton and Mr. Blair told Mr. Sharif that "Pakistan might emerge stronger" by avoiding a nuclear test.

Mr. Clinton also urged India to sign a global test-ban treaty, saying it would ease tensions.

BRIEFLY

Congo Sentences
20 Robbers to Die

KINSHASA, Congo — A military court in Congo has sentenced 20 people to death after convicting them of "armed robbery and the dispersal of ammunition," official radio reported Monday.

The Voice of the People radio said the sentences were handed down at Bukavu in the east of the former Zaire. This is the ethnically troubled area from which President Laurent Kabila began the uprising that brought him to power a year ago. (AFP)

Rwanda Denies
Role in Killing

KIGALI, Rwanda — Foreign Minister Anastase Gasana denied Monday that Rwanda was behind the killing in Nairobi of a former interior minister and Hutu opposition leader, Seth Sendashonga.

"We had a different political opinion, but Sendashonga was not a problem for the Rwandan government," Mr. Gasana said.

He called on the Kenyan police to conduct a serious investigation into the slaying, which occurred Saturday.

Mr. Sendashonga, 47, who served as interior minister from July 1994 until he was forced out in August 1995, was gunned down in Nairobi along with his Rwandan driver. (AP)

Opposition Wins
In Santo Domingo

SANTO DOMINGO, Dominican Republic — Despite the death of its charismatic leader, the main opposition party has won a sweeping victory in congressional and municipal elections that were being closely watched in the United States because of their probable effects on efforts to curtail drug trafficking and to modernize the economy.

Based on nearly complete official results made public Sunday, the left-center Democratic Revolutionary Party has won at least 23 of the 30 Senate seats that were at stake in Saturday's balloting and will have a comfortable margin in the lower house of congress.

The party also won the most important mayoral race, in the capital, where the singer Johnny Ventura, a last-minute replacement for the party's leader, Jose Francisco Pena Gomez, swept to victory. (NYT)

Black Brazilians
Run Higher Risks

BRASILIA — Black Brazilians die sooner and more violently than their white counterparts, according to a University of Sao Paulo study.

Fatal shootings were the leading cause of death among blacks in Sao Paulo in 1995, accounting for 7.5 percent of all deaths, said the study published Sunday in the daily newspaper Folha de Sao Paulo. The study also found that 41.7 percent of blacks die between the ages of 20 and 49, compared to 22.8 percent of whites. (Reuters)

6 Palestinian Teens
Wounded in Hebron

Reuters

HEBRON, West Bank — Israeli troops wounded six Palestinians in clashes here Monday, witnesses said. About 30 Palestinians threw stones and firebombs at troops near a Jewish enclave in Hebron. The soldiers fired percussion grenades and rubber-coated metal bullets, one of which struck a 13-year-old boy in the stomach.

The other wounded protesters were also in their teens, witnesses said.

About 400 Jewish settlers live among 100,000 Palestinians in Hebron, a traditional flash point for Arab-Israeli violence.

Israeli troops killed five Palestinians during protests Thursday in the West Bank and Gaza Strip marking 50 years since what Palestinians call the "catastrophe" of the creation of Israel.

■ Swiss President Cancels Visit

President Flavio Cotti of Switzerland canceled a visit to Hebron at the last minute because of security concerns, and the clashes there Monday broke out just two hours after Mr. Cotti had planned to be there, The Associated Press reported from Ramallah, West Bank.

A spokeswoman for Mr. Cotti, Yasmine Chahida, said both Israeli and Palestinian security officials had refused security clearance.

Mr. Cotti instead visited Ramallah.

PHONES: A 'Constellation' of 66 Satellites Will Wire the Earth

Continued from Page 1

analysts say the system will draw only limited numbers of customers and risk big financial losses for its investors.

But the skies soon will be crowded with competitors, including Loral Corp.'s Globalstar System, and ICO Global Communications, a private-sector offshoot of the Inmarsat consortium owned mostly by state-run telephone companies around the world. Globalstar currently has eight of its planned 56 satellites in orbit. ICO plans its first launch later this year; its satellites will fly at a slightly higher altitude.

Farther into the future, even larger constellations of low-orbiting satellites are planned to offer high-speed Internet access, videoconferencing and phone service. One such project is Teledesic Corp., funded by the cellular tycoon Craig McCaw, the Microsoft chairman, Bill Gates, and a Saudi Arabian prince. Others include Celestri by Motorola, Cyberstar by Loral and Skybridge by Alcatel.

Thomas Waits, a Merrill Lynch & Co. analyst, pegs the market for all these "personal" global satellite systems at \$13 billion a year by 2002, growing to \$32 billion by 2007. Such forecasts have fueled a worldwide investment juggernaut, as banks, state-run and private phone companies, cellular providers and others pour billions of dollars into a newly invigorated satellite industry.

By 2004, Iridium, Globalstar, and ICO will share a projected 12 million to

15 million customers and \$20 billion in revenue, according to Leslie Taylor, a satellite analyst. After just three years in business, she predicts, "They'll be getting a 100-percent return on their investment."

The Iridium system is based on small, low-cost satellites that zoom across the sky at much lower altitudes than conventional communications satellites. Being closer to Earth allows phones to be smaller and more powerful, with none of the nagging delay and echo inherent in older satellite communications.

But because they fly lower, they do not keep pace with the Earth's rotation and appear fixed in one place in the sky as do traditional communications satellites. For that reason, dozens of moving satellites are needed to provide constant coverage in every region of the world. As one satellite drops into the western horizon, it hands a caller's signal off to another rising in the east.

According to Ms. Taylor's projections, Iridium and its rivals each need fewer than 1 million customers worldwide to break even. Iridium's own figures estimate profits after 650,000 customers, and the company predicts it will have 5 million customers by 2002. The U.S. Defense Department already has declared its intention to use Iridium services for its troops, and other governments promise to be big users.

Drawing millions of subscribers worldwide will be possible, Ms. Taylor predicts, because of the ease of use offered by the phones: a single phone

number, and a single monthly bill in a user's home currency. No matter where in the world a customer is, she said, "You won't have to do the thinking about how you're going to get your phone call through — that's what people want."

But other analysts question whether that many people, even executives on expense accounts, will want to plunk down \$3,000 for an Iridium phone, or \$500 for a pager, and pay vastly increased monthly fees and per-minute charges for the right to roam the world and stay in touch.

"Look at what they're offering, a great product in parts of the world where nobody goes," said John Matthews, a telecommunications analyst with Ovum Ltd. in London. "If you need that, great, you don't care about the price. But elsewhere, cellular really has pretty damn good coverage and roaming potential."

Mr. Matthews said he believes Iridium has a market, because "there are people who desperately need connectivity."

"But I still have a lot of difficulty convincing myself they're going to recover the kind of capital they've invested," he added.

Iridium will not market its phone to consumers directly. Its business plan depends, in large part, on its ability to persuade the world's cellular carriers to market Iridium along with their own land-based wireless phones. So far, Iridium has reached agreements with more than 180 distributors worldwide.

MICROSOFT: U.S. Says Company Is Trying to Extend Monopoly

Continued from Page 1

acterized Microsoft's activities as "illegal," he said the government was not leveling a criminal investigation.

Erin Brewer, a Microsoft spokeswoman at the company's headquarters in Redmond, Washington, said the suits were "without merit."

She added: "We believe we do not have a monopoly. This is a highly competitive marketplace. No one's position is insured."

The issue of whether Microsoft has a monopoly in the market for operating systems — the instructions that control how computers work, interact with other devices and run programs — is a key to the legal action, according to John Coffee, a law professor at Columbia University. "Both sides are quite plausible," Mr. Coffee said. "The critical issue comes down to defining the market."

If Microsoft is determined to have "market power," which can be less than a "pure monopoly," then it cannot "leverage" its operating system dominance into other markets, like browsers.

Microsoft's position is certainly powerful. Dan Kusnetzky, director of operating-systems research for International Data Corp., a research firm in Framingham, Massachusetts, said that based on 1997 shipments of operating systems, Microsoft's Windows and DOS programs accounted for

about 84.5 percent of the units shipped. But "if you look at the server side of the equation, they do not have a dominant position," Mr. Kusnetzky said.

Servers are central computers that are linked to individual client machines. In an office network, each employee's desktop computer would be a client. In the server market, Mr. Kusnetzky said, Microsoft had about a 37 percent market share, followed by Novell Inc.'s NetWare operating system, with about 27.5 percent.

Charles Rule, a partner at Covington & Burling in Washington who is working for Microsoft and who had Mr. Klein's job from 1986 to 1989, said the government was wrong in its contention that the company has a monopoly in operating systems. He said that market share itself was not the sole determinant of whether a monopoly existed. If a company could not raise prices at will or exclude competition, he said, then it could not be shown to have monopoly power.

"Even if you have monopoly power," he said, "you have to be shown to have used it in an exclusionary or predatory way" for the antitrust rules to apply. If there is a legitimate business justification for an action, he added, even if it also has predatory effects, the activity is not illegal.

In this case, even if Microsoft is found to have a monopoly in operating systems, its inclusion of Explorer is not illegal, Mr. Rule said, because there are business

justifications for integrating the browser with Windows. This makes it easier for third parties to write programs for Windows, he said, and is more efficient.

Mr. Coffee, the law professor, noted that the views of Microsoft and the government were diametrically opposed. If Microsoft can show that it does not have an effective monopoly, then it can prevail, he said.

There are, however, other elements of the case.

Mr. Klein said that "Microsoft went to Netscape and proposed that rather than compete with each other, the two companies should enter an illegal conspiracy agreement to divide up the market."

When Netscape refused to go along, Mr. Klein said, then Microsoft "leveraged its windows monopoly to force its browser onto all new computers" and it signed "anti-competitive contracts with all of the major Internet and on-line services companies" and "severely restricted Netscape's ability to gain access to these critical distribution channels."

Mr. Klein said Microsoft's use of "these predatory and exclusionary devices and practices" was designed to "crush" Netscape.

Microsoft has denied that it made an illegal offer to Netscape. "It has been quite mischaracterized," said Ms. Brewer, the Microsoft spokeswoman. "That is something we will certainly dispute."

She also said that the company had already rewritten the contracts with computer makers and Internet centers.

Ms. Brewer said the sticking points in the negotiations that broke off Saturday were the government's insistence that the first screen consumers see after turning on their computers not be controlled by Microsoft and that Netscape's Navigator be included with Windows.

Mr. Coffee predicted it would be "a long case," and that this is just the opening battle for Microsoft.

"Microsoft could easily spend \$1 billion a year on its legal defense," he said, noting that when the government took International Business Machines Corp. to court in the 1970s over monopolistic practices "the Justice Department was simply logistically overmatched."

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4 Parties to Boycott Cambodian Elections

The Associated Press

PHNOM PENH — Leading opposition parties vowed Monday to boycott upcoming elections in Cambodia, but the country's leader dismissed their accusations that the voting would not be free or fair and said the elections would proceed without them.

The four-party opposition coalition, headed by Prince Norodom Ranariddh, announced the boycott as Cambodians trickled into schools, temples and health centers to sign up

on the first day of voter registration.

The boycott by the United National Front threatened to undo months of international diplomacy aimed at restoring a measure of democracy to Cambodia. The coalition demanded that the elections, scheduled for July 6, be pushed back to allow more time for campaigning.

The Cambodian leader, Hun Sen, said voters could choose from among 30 parties despite the boycott. The other parties pose little challenge to him.

Crédit Communal

Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

Soft Money

The House is scheduled to begin work this week on campaign finance reform legislation. The choice should be easy, but the Republican leadership continues to complicate it. The issue is soft money, the principal device by which the law is now evaded. The political parties are used as shells to raise and spend on behalf of their candidates enormous amounts of money that the candidates are forbidden to raise and spend themselves.

This soft money system was the source of most of the fund-raising excesses in the last campaign. Representatives Christopher Shays and Martin Meehan have a bill that would ban it. A bipartisan group of freshmen has produced a well-meaning but weaker alternative that would achieve only a partial ban. They say it is a respectable bill and the only one that can pass, meaning that not enough Republicans will join the bulk of the Democrats in support of Shays-Meehan.

But that is the wrong reason to vote for the lesser bill. It lets the reformers off the hook — allows them to say they can't because they won't. Too many members want to vote for the label of reform without enough of the content. A "no" vote on Shays-Meehan is a vote against reform or in favor of a gesture.

Shays-Meehan is an already truncated bill. Real reform would extend the presidential system of voluntary spending limits and partial public finance to congressional campaigns. But sponsors long ago dropped that as impossible of enactment in this Congress. Shays-Meehan is the remnant.

Yet opponents say even it is too strong. They argue as well in the opposition direction — that the difference between it and the freshmen bill is not that great, in that the money will find its way into the campaigns no matter what Congress does. Why worry if you pass only a partial ban and leave an opening if one will be found anyway? But the bill should not include the signpost to its own circumvention. That is what the freshmen bill does, in banning the soft money system only at the national level while allowing it to continue within the states.

Republican leaders have spent a year and a half rightly denouncing the fund-raising abuses of the last campaign. But they do not want to change the law that continues to permit the abuses. They like the bucks.

The majority leader, Trent Lott, led a filibuster to kill a soft money ban that looked as if it had a majority in the Senate earlier this year. The House speaker, Newt Gingrich, allowed the debate, which begins this week and is to end after the Memorial Day recess, only when his hand was forced by a discharge petition. The House Republican whip, Tom DeLay, continues to say, as has Mr. Gingrich, that the trouble with campaigns today is too little money, not too much. They cannot have the issue both ways.

The Democrats are guilty of their own towering hypocrisies on the subject. Led by the president, they seek in part to erase the record of the last campaign by now supporting legislation to outlaw practices that they themselves helped to perfect. That is nonetheless the right position. The House should pass Shays-Meehan without disfiguring amendments, send it back to the Senate and see what happens.

—THE WASHINGTON POST.

Nike's Reforms

With his company in danger of becoming a symbol of worker exploitation, Philip Knight, the chief executive of Nike, announced some important changes in labor practices last week. While falling short of critics' demands that Nike pay a living wage and pull out of countries where workers cannot organize, the reforms set a standard that other companies should match. But Nike must see that its new policies reach the factory floor.

The issue of working conditions in garment and shoe factories overseas was introduced by church and labor groups in the mid-1980s. Now it has become a popular cause with people all over the United States.

Grade school children write to Nike about it, and the company is regularly pilloried in the comic strip "Doonesbury."

Labor groups that have investigated factories of Nike subcontractors abroad have accused them of paying less than local laws require, forcing employees to work overtime and providing unsafe working conditions. Nike has denied the charges, arguing that its own inspectors have not found such violations. But Mr. Knight apparently decided that public concern was not going away.

A Perfect Game

David Wells added the finishing touch to the New York Yankees' divine spring Sunday by pitching a perfect game against the Minnesota Twins. In a major league season ridiculed for this pitching, Wells produced a masterpiece of a kind Yankee fans have not witnessed since Don Larsen retired every Brooklyn Dodger he faced in the 1956 World Series. Perhaps his artistry will even slow the unseemly rush to abandon Yankee Stadium.

Few occasions in sports rival a perfect game for sustained excellence and tension. The excruciating and wonderful thing about a perfect game is that there is zero margin for a mistake. Each batter can bring a hit, a walk or an error that would spoil the afternoon. By the sixth inning, it was clear that Wells, who can be overpowering one day and hopelessly bad the next, was in a groove.

Soon fans at the stadium were rising to cheer every delivery. When Wells took the mound in the ninth inning, his teammate David Cone was so tense he could barely watch from the dugout and pulled his jacket over his face. Word of the triumph flashed across the city by television, telephone and shout, lifting New Yorkers still dispirited by the Knicks' elimination from the basketball playoffs last week.

Wells' performance, or something like it, almost seemed ordained for the Yankees this year. After losing their first few games in April, the team has been nearly unbeatable. The Yankees have excelled at every facet of the game during one of the most dazzling early season winning spans in baseball history. The Yankees' owner, George Steinbrenner, finally seems to have gotten his money's worth with his liberal hiring of expensive free agents.

On a squad with few flamboyant players, Wells cuts a distinctive figure with his affinity for good times and keen sense of Yankee history. The club did not look kindly on his antics last year when he showed up for one game wearing a wizened cap once used by Babe Ruth. Instead of posing large "Ks" on the stadium facade to mark every strikeout recorded by Wells, a group of his fans sticks up pictures of beer mugs. No one in the front office was offended on Sunday.

—THE NEW YORK TIMES.

Suharto Kleptocracy: A Bulwark Against Reform

By Thomas L. Friedman

WASHINGTON — You can learn everything you need to know about Indonesia's problems by catching a blue taxi when you arrive at Jakarta airport and then riding into town to the Grand Hyatt Hotel. The taxi company is owned by one of President Suharto's children, so too are the toll roads that you have to pass through to get from the airport to Jakarta and so too is the Hyatt. Nice roads. Nice tolls. Nice hotel.

It's no wonder Indonesians say about the Suhartos that they are so lucky. The family has everything in the world. Except one thing: a sense of shame.

And it is that lack of shame that finally caught up with them. When Indonesia was booming there was just enough growth and corruption spilling over the top of the glass to keep Indonesia in some kind of balance. But the minute the boom slowed, and the glass became half full, the game could not go on. The gap between the haves and the have-nots became too wide. And the only way to refill the glass was with painful economic reform and institution building. And the only way to do that was for President Suharto to say to his people: "Friends, we've got to tighten our belts. We're all in this together."

And when he tried that last week, the answer came back in a violent spasm: "President, we all weren't in the toll roads and taxi companies together."

The recent U.S. approach to Indonesia was based on a false premise: that America's only choices were either supporting Indonesia economically, even though this might be exploited by Mr. Suharto to prolong his reign, or letting the country slide into chaos by withholding IMF assistance. The United States thought that demanding political change was not an option.

Wrong. There will be no stability in Indonesia, economic or otherwise, without fundamental political change. The only question now is whether political change in Indonesia is directed by Mr. Suharto as his last act or simply explodes from below.

If the United States wants to use economic aid through the IMF as an incentive for Mr. Suharto to immediately begin the political transition, that's fine. Because, unfortunately, Mr. Suharto has so decimated every other institution and potential political actor in the country

that there is a vacuum under him. But the U.S. message to him has to be blunt: "Convene an assembly to rewrite Indonesia's 1945 constitution, establish a real Parliament with real opposition parties, not the rubber stamp Indonesia has now — and then be gone."

But if Mr. Suharto will not direct this political transition now, or if it is too late, then the United States has to completely disengage from him, because he's toast. Indonesia, Thailand and Korea were like 50-watt bulbs in the 250-watt socket of the global market. When the power surge came from that market last fall, these three bulbs blew up. But Thailand and Korea, precisely because they were democracies, were able to begin adjusting by voting in new surge protectors and software.

That is, more democratic leaders and the beginnings of institutional reform — with popular support. Indonesia, because it is a corrupt autocracy, could not just vote in new software and new institutions, and that is why it is melting down.

There was a time when we Americans thought we had to tolerate the Suhartos as a bulwark against communism, which was THE strategic issue. No more.

The relevant issue today is how your country relates to the opportunities and challenges of the global market — whether you are building law-based institutions that enable you to get the most out of that global market and the institutional software to modulate its ups and downs. Therefore it is a prime interest of U.S. foreign policy to help countries face up to this challenge — to help them become open enough and internally strong enough to both tap the global marketplace and protect themselves from it.

The big split in the world today is no longer between centrally planned communist regimes and free-market democracies. Rather, it is between free-market kleptocracies (Mafia regimes) and free-market democracies. Those who are building the institutional software, and those who are not U.S. foreign policy should be devoted to helping the free-market democrats and to stifling the free-market kleptocrats.

The Suhartos are kleptocrats. As long as they remain, Indonesia will be unstable, because the Suhartos are a bulwark against the very reforms needed for Indonesia to thrive in this new era.

The New York Times.

Fallout From Indonesia Could Be Dangerous and Widespread

By Philip Bowring

HONG KONG — Foreigners will have scant influence on the development of events in Indonesia. But they had better start preparing now for the consequences of those events.

Indonesia presents a uniquely difficult problem for Group of Seven members, as well as for its immediate neighbors. There is scant recognition of this, however, at the just-ended Birmingham G-7 summit meeting.

The rest of the world simply cannot sit back and watch events in Jakarta as it did those in Congo last year, in Burma in 1989 or in Manila in 1986. Indonesia is not just a case of an aging dictator getting his comeuppance. It is not the collapse of a failed socialist system that the capitalist can applaud.

There are very real dangers that the troubles of the Indonesian economy will be transmitted to the rest of the world via the global banking system, which until recently was so accommodating of Indonesia generally and President Suharto in particular.

The underlying cause of In-

donesia's problems is political. But the immediate cause is the boom and bust in foreign lending that led to the collapse of the rupiah.

Solving the political problems is half the answer — but only half, and not the half that matters most to the outside world.

There are only two possible outcomes now in Indonesia. Both will hurt the outside world. The less likely is that Mr. Suharto will survive by strength of will and strong-arm methods, just as the military backed regime in Burma has survived, against the odds, a decade of opprobrium.

Stability of a sort would prevail under such circumstances, but Indonesia's commercial links with the outside world would wither, foreigners would stay away and local flight capital would refuse to return. International Monetary Fund packages would be dead, and foreign lenders would have as much hope of getting their money back as those still clinging to Ottoman debt

or to Confederacy bonds.

The far more likely, and optimistic, scenario is that after a little more mayhem and blood-letting, enough military officers and senior people inside and outside the government will do to Mr. Suharto what he did to his predecessor: Send him to the palace in Bogor. They can buy time to start restructuring the political system and redistributing corporate assets in a way that neither embitters ethnic Chinese nor undermines the aspirations of the burgeoning indigenous middle class.

However, any new government is likely to have to make two initial assumptions:

• The IMF support will have to be renegotiated to provide for a much more gradual adjustment of domestic food and fuel prices to reflect the reality of a collapsed rupiah. Such an arrangement will be important if Indonesia is to remain committed to an open economy. The G-7 members should be planning for it now as an urgent political task and not one

reliant on the IMF's bureaucracy of economists.

• Under the very best of circumstances, banks in countries belonging to the Organization for Economic Cooperation and Development are going to have to write off perhaps \$40 billion in loans to Indonesian companies (half their total exposure). There is no point in pretending that a new administration in Jakarta is going to assume responsibility for more than a fraction of private sector foreign debt. At least half of private debt must be considered irrecoverable now for purely commercial reasons.

Indonesia is not Brazil or Mexico in the 1980s, where debt arrangements could be negotiated between government and private foreign creditors. Those countries had more advanced economies and fewer direct links between political power and private commerce. Most debt was sovereign.

OECD members must address now the damage to their

banks' balance sheets that Indonesia (not to mention other Asian nations) will deliver. As Japan has found, denying the losses to banks' capital bases can disguise problems but only makes them worse in the long run.

U.S. banks may be healthy enough. They are relatively unexposed in Asia and have rebuilt their capital bases after the ravages of the 1980s. But domestic lending has been growing so fast that they are unlikely to rush into new international commitments.

Japanese banks are still in dire straits, and some European banks' balance sheets are going to be looking very sick indeed when they have to write up to Indonesia. That can easily lead to a domestic credit squeeze down the road, and hence to global recession.

Instead of promising better monitoring to prevent a repetition of the Asian crisis, the G-7 would have done better to consider how to deal with the consequences of the present crisis, and of Indonesia in particular. It is not too late.

International Herald Tribune.

India Was Wrong to Test, but What Can the World Do?

By Ramesh Thakur

TOKYO — The nuclear tests carried out by India are regrettable, disappointing and wrong — but they are also understandable. They demonstrated an underestimated level of nuclear sophistication, an unexpected strength of political will and an unsuspected ability to evade advance detection.

India's nuclear pursuit is based on a flawed grasp of contemporary international realities and mistaken calculations of national security needs and responses. By carrying out the tests, India has put itself on the wrong side of history. Why?

Domestically, the Vajpayee government has nothing to lose and much to gain by tapping resurgent nationalist sentiment. The ragtag coalition of 20 parties has been lurching from one crisis to another. Its collapse has often seemed imminent, threatening yet another election. The tests have enhanced the government's stature and the prime minister's authority.

Instant polls showed a 91 percent approval rating, even though 80 percent of those

polled also said they believed that Pakistan would follow suit with its own tests.

The Indian government has seized the high ground, making it difficult for any political party to criticize it for fear of being branded unpatriotic. The Bharatiya Janata Party will argue that only it has the courage of nuclear convictions that previous governments demonstrably lacked. This should ensure some stability for the government, as no other party would risk another election in which the BJP would be returned with a triumphant majority.

Regionally, India has faced strategic encirclement through nuclear missile collusion between Pakistan and China. After the indefinite extension of the Nuclear Nonproliferation Treaty in 1995 and the conclusion of the Comprehensive Test Ban Treaty in 1996, New Delhi faced the cruel choice of "use it or lose it" on the long-held nuclear option.

By not testing, India could

not match China's conventional or nuclear capabilities. But India's threshold nuclear status enabled Pakistan to neutralize India's conventional military superiority. Pakistan's test last month of the Ghauri missile destroyed India's natural strategic depth and produced much crowing in Pakistan about having achieved parity with India.

India, which tested three types of nuclear weapons (fission, low-yield and fusion), also has sent three clear signals to Pakistan and China.

Pakistan's nuclear capability is still considerably behind India's. New Delhi can bet, if it chooses, match China on the nuclear world stage. And the collusion between Beijing and Islamabad will not go unanswered.

The signals of international defiance are even more interesting. The Canberra Commission on the Abolition of Nuclear Weapons in 1996 argued that a self-appointed group of five countries could forever maintain a monopoly on one type of weaponry. That conclusion has been vindicated.

India's old posture of nuclear ambiguity was increasingly seen as a sham. New Delhi was already paying the price through embargoes on high-technology transfers. The world tried to corner India through a constitutional trick by which the test ban treaty was rescued from the deadlocked Disarmament Conference in Geneva and approved by the UN General Assembly in New York. The resulting hardening of India's nuclear stance was predictable. Now the test ban treaty will be dead on arrival in the U.S. Senate.

New Delhi seems to have concluded that the marginal costs of additional sanctions are outweighed by gains in national security and pride. India has long nursed a sense of grievance about international "nuclear apartheid."

India had exhibited nuclear restraint: no test since 1974, no declared nuclear weapon status, no sharing of nuclear technology with others and no overt deployment of missiles. India has also abstained from exporting arms.

Despite this restraint, New Delhi was constantly criticized for rejecting the nuclear treaties — even while the world turned a blind eye to the clandestine acquisition of nuclear capabil-

ity by Pakistan with Chinese assistance.

The world cannot allow India to defy the developing anti-nuclear norm with impunity. But what to do? Under U.S. law, Washington must apply sanctions on credits and credit guarantees, on loans from U.S. banks and on military assistance. It also must oppose loans from the International Monetary Fund and the World Bank.

Japan, India's biggest donor, is bound to reconsider its foreign aid, and other countries will follow to varying degrees.

Sanctions on India face three sets of difficulties: the historical record, moral equivalence and practical calculations.

Sanctions have a bad reputation and a worse history as a policy instrument for effecting change.

The five nuclear powers have no moral authority to impose sanctions. They maintain stockpiles in defiance of a World Court opinion on nations' legal obligation to nuclear disarmament.

Also, India's tests breach no international treaty, convention or law. The Big Five preach nonproliferation but practice deterrence. Their bluff has been called.

Justifying the U.S. opening to China in 1971, Henry Kissinger remarked that a nation of 800 million people armed with nu-

clear weapons could not be ignored. That logic of engagement applies even more forcefully to India today. Outsiders' self-interest lies in assisting India's economic growth.

The dilemma is this: A moderate response will be self-defeating. India's nuclear hawks will feel vindicated, saying that India is now being treated with respect because it has nuclear weapons, which should therefore be openly deployed in numbers. A harsh response will be self-fulfilling. The hawks will argue that a friendless India which is the target of hostile international attention needs an arsenal of nuclear weapons to defend its interests.

Official statements from New Delhi present intriguing possibilities of resolving the dilemma. If outside pressure prevents Pakistan from nuclear testing, and if sanctions are not imposed, India may be prepared to join the nuclear club from within, to sign the test ban treaty, to observe the provisions of the nonproliferation treaty, to accept permanent membership on the UN Security Council and to take part in arms control talks at the center table.

But don't hold your breath.

The writer is vice rector of the United Nations University in Tokyo. He contributed this comment to the Herald Tribune.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1898: War Censorship

NEW YORK — The American Government has served an official notice on all the cable companies to the effect that all messages containing information of prospective naval movements or current military operations are inimical to the United States and are consequently forbidden. If any such matter is found therein it will be struck out by the censor.

1923: 'Mammy' Statue

PARIS — [The Herald says in an Editorial:] When admirers of noted figures of the old South set in motion the plan to erect in Washington a monument to the black mammy, they held the view that she had been an ornament to her race. Then it became evident that the mammy was quite a different symbol to others. She stood for slavery and

was thus a degrading shadow of the past. Representatives of more than two thousand colored women adopted resolutions of protest against the erection of the statue. So the statue may never be raised in view of the present interpretation of such an act.

1948: German Jubilee

FRANKFURT — Frankfurt today [May 18] celebrated the 100th anniversary of "the birth of democracy" in Germany. The historic Paulskirche here, where 800 German liberals met to establish the first Parliamentary body in modern Germany, was the scene of nostalgic memorial services to "democracy." Mr. Kolb, Frankfurt's lord mayor, added: "We should like to consider this meeting as the rebirth of a German democratic state, which after the terrible episode of 1933 to 1945 shall be deeply rooted in the German people and never be eradicated."

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Reveling in the Glory of the Garden at Two Hit Shows



At the Chelsea, A Symphony

Suzy Menkes

International Herald Tribune

LONDON — Karl Lagerfeld showing off camellias in full bloom, Hubert de Givenchy posing beside a bird tower and Cartier creating a vegetable patch inspired by Prince Charles — it was high fashion central at the Chelsea Flower Show on Monday.

England's annual celebration of the glory of the garden — with its marquee full of tumbling roses, soldier-straight lupins, fat pink peonies and bell-shaped fuchsias — has become an international affair. But it has kept its English roots.

When Chanel decided to create a garden for this year's show, Lagerfeld tried to envisage Coco's world: her fetish for camellias, her innate French taste and her love affair with British aristocratic style. The result is a symphony of white and shade, orchestrated from the tall beech-leaf arches, through the parterre of double C's interlaced in dwarf-box hedges, to the gilded statue of Venus de Medici, but framed by a profusion of white flowers: the out-of-season camellias, foxgloves, geraniums, hollyhocks, irises, viburnum and verbascum, with a few green fronds of feathery fennel.

"I wanted a *salon de verdure*, a formal French baroque garden with the shiny gold statue, because it would have been gilded in the 18th century," said Lagerfeld, who put on his photographer's hat to snap two Chanel models beside the Venus.

Tom Stuart-Smith, the garden's designer, said he had worked for 18 months, as camellias were grown under glass in England and the United States and the box hedges were trained to "create an enclosed garden room."

"When I first met Karl it was immediately clear that we would do a baroque garden, because that is his passion, but there is enough English horticultural bravura with the flowers," said Stuart-Smith, who has worked for the British Embassy in Paris and the Boboli gardens in Florence and landscaped a Kentucky stud farm.

Enthusiasts for Chanel's evergreen elegance included Sir Roy Strong, former museum director and a gardening authority: "It's got real style, class and elegance, formal and very French with those shades of verdant, luscious green and the marvelous golden statue."

Prince Charles gave his imprimatur to



Karl Lagerfeld snaps a picture in Chanel's garden at Chelsea.

a garden inspired by his experiments with wild flowers and organic vegetables at his Highgrove estate in Gloucestershire.

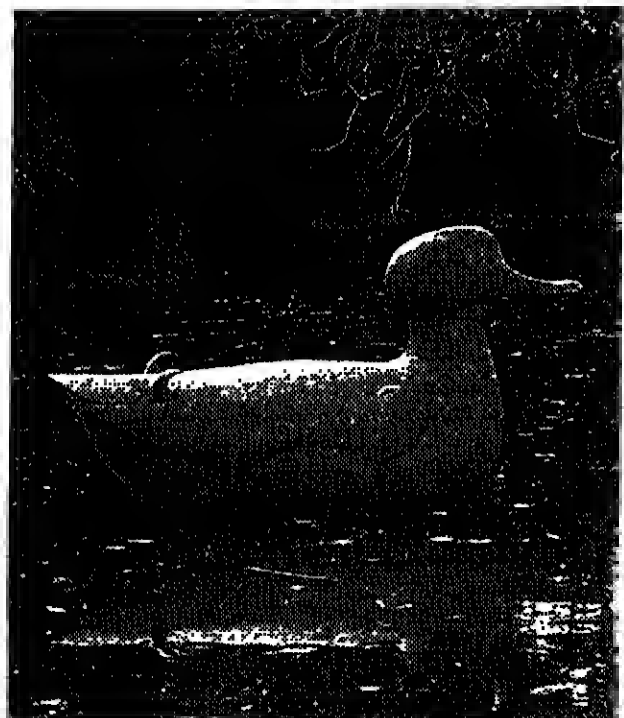
With Costwold stone walls, trellis gates and benches inscribed "To see the world in a grain of sand and heaven in a wild flower," the garden is everything you might expect from a reflective, green-thumbed prince who has confessed to chatting to his blooms.

"Impressions of Highgrove," sponsored by Cartier and Harpers & Queen magazine, focuses on aspects of the original, featuring a thyme-edged walk, a shallow pebble-filled pool, a vegetable patch, where roses mingle with rubarb, and a wild flower meadow. The Marchioness of Salisbury, one of the prince's original horticultural advisers,

marveled at the miniaturized kingdom.

No aristocratic garden would be complete without its folly, and Givenchy looked right at home in front of the "Birds' Buffet" — a trellised, three-tiered octagonal bird tower in the Christie's garden. The garden itself, described as a "living larva" for wildlife, encapsulates the aims of "Flora for Fauna," a British charity that encourages gardeners to grow ancient plants that are user-friendly for butterflies and birds.

"A simple garden of native plants — and it only cost £20,000," said Jillian, Duchess of Hamilton, the charity's founder. She was taking a dig at the Chanel garden that cost the Earth: £1 million to construct and nurture the precious camellias.



Two works at the Bagatelle: a copper duck and a bronze elk.

The Surreal and Playful at the Bagatelle in Paris

Suzy Menkes

International Herald Tribune

PARIS — Forget the Eiffel Tower, the Louvre, the Arc de Triomphe, they'll still be there when this flock of white sheep with curly black horns has scampered away to the woods and the blue duck has sailed its stately way across the pond.

Judging by the transfixed crowds at the Bagatelle gardens, adults and children alike find it hard to believe that the bestiary of sculptures in an Arcadian setting are not for real. And that the hide-and-seek game across the lawns and under weeping willows is actually part of an exhibition.

"Les Lalanne à Bagatelle" (until Aug. 2), held in a formal park in the Bois de Boulogne, is the hit show of the Paris summer season. A sunny month has brought locals and tourists to see, in pastoral situ, the work of Claude and Francois-Xavier Lalanne, the husband and wife artists who both, in different ways, express a fascination with nature.

Outside and in the Bagatelle's Tri-

anon and folly (built in two months on a dare in the 18th century) is a show of 35 years of the couple's work.

His pieces are monumental, allegorical, yet lighthearted: a rabbit with its hindquarters morphing into bird wings; hippos and rhinos; those sheep in their woolly 1966 coats or more recent epoxy-cement versions.

Hers are organic, poetic, fairy-tale: bronze chairs where the seat is a water lily or the back a crocodile; a crib like a Sleeping Beauty tangle of briars. There are monkeys in a thicket of thorns made into a chandelier, and flower-shaped knives and forks that might have been plucked from Titania's mossy dining table.

They are in the folly, where Francois-Xavier's sheep cluster round the piano and his surreal bird bed has a beaked canopy and gilded web-feet.

The Trianon presents the sculptures in a more formal way, showing Francois-Xavier's huge fly with translucent Plexiglas wings or a life-size iron donkey whose stomach swivels open to form a desk. It also shows Claude's vegetal jewelry, and the breast sculp-

tures she created for Yves Saint Laurent in the 1960's. The French have a word to describe the exhibition: *ludique* or "playful." The Lalanne couple installed the 160 sculptures, working out exactly where each should be placed.

"The idea was not to spoil the gardens, but to enhance them, by finding the most appropriate place for each sculpture," says Francois-Xavier, referring to the donkey at the box-hedged entrance, the apparently floating duck and a carp rising like a goldfish.

"The different landscapes of the gardens are like little rooms of greenery," he said. "We picked out four aspects — pretty, noble, family-style or *champtre* [pastoral] — and chose the sculptures. Because they are mostly animals, they seem to speak directly to children and to adults as a universal experience."

A book on "Les Lalanne," by Daniel Marchesseau (Flammarion), is on sale, along with some of Claude's jewelry. Devoted entirely to goods on a horticultural theme, the Bagatelle gift shop is also a happy hunting ground for those looking for gifts for garden-lovers.

WILLIAM STYRON: A Life

By James L. W. West. 596 pages.
\$30. Random House.

Reviewed by Michael Pearson

THOMAS CARLYLE once remarked, "A well-written life is almost as rare as a well-spent one." In James West's biography of William Styron, the reader often finds both — a life story written with care and precision about one of the most provocative and controversial contemporary American novelists. "William Styron: A Life" may not be the typical tale of an American writer, the story we associate with Poe, Melville or Fitzgerald — a narrative about a writer who is damned by dollars, forced into hack work or Hollywood, dismissed, forgotten, until his books are resurrected by some scholar years after his death. Styron's story is closer to Twain's or Hemingway's — the American fairy tale with a twist, an account of early success and the various difficulties that fame creates.

There is a potential problem with West's biography, that arises before the reader even gets to the opening chapter. Biographies usually act as post-mortems, but this one by necessity must function as something of a work in progress. Styron, at 72, is still an active writer, with perhaps another big book or two in him. Biographical definitiveness may be an illusion, but in this case appears to be an impossibility.

Though open-ended, the biography is lucid and well-researched. Styron is a major American writer, and West's biography will be a footing for all those that follow. The essentials of Styron's story are here, along with valuable insights about his novels and the writer's creative process.

In the 18th century the Styron clan emigrated from England to the Outer Banks of North Carolina, where they made their living from the sea. In the early part of the 20th century, Styron's father moved to Tidewater, Virginia, to work at Newport News Shipbuilding. Styron grew up listening to his grandfather's tales of the Civil War. Styron, like his father, always felt himself to be an outsider in Newport News. His mother never felt comfortable in the South at large, and her battle with cancer for more than a decade cut her off from the world around her in Tidewater. His mother's long suffering, the separation it caused and her agonizing death when he was 14 were central factors. West writes, in the creation of Styron's artistic psyche. When his father remarried a woman with whom Styron could never get along, his alienation increased.

It made matters more difficult for him that he was an indifferent student, giving his attention only to those subjects that interested him. He drifted through public school, prep school, a year at Davidson and a short time at Duke until World War II caught up with him and he entered the Marine Corps. The atomic bomb was dropped before he was ordered overseas,

but he did experience his own brand of horror in the military when he was falsely diagnosed with syphilis and isolated in the venereal disease ward.

In 1946 he returned to Duke, where he was influenced by William Blackburn, an English professor who started him on his way as a creative writer. He graduated from Duke, but that was enough formal education for him.

After a brief and dreary time in publishing, he became, with some financial help from his father, a full-time writer. In 1951, after another unhappy but short stint in the Marines, his first novel, "Lie Down in Darkness," was published.

As West makes clear, Styron stayed in the public consciousness from that point on — in particular with the controversies surrounding "The Confessions of Nat Turner" and "Sophie's

Choice." Along with controversy came a Pulitzer Prize and other awards, best-sellers and big money deals with movie producers. The benefits of success were many — homes in the Connecticut countryside and on Martha's Vineyard and time to write — but there was a price, as well: attacks in the press, becklers at speaking engagements and threatening letters. And, eventually, there was a nervous breakdown.

Styron's experiences seem to be a dark and complex version of the Horatio Alger story. West's biography details the life in progress of a novelist of great artistry and conviction.

Michael Pearson, whose book "Dreaming of Columbus: A Boyhood in the Bronx" will be published next year, wrote this for The Washington Post.

BOOKS

CHESS

By Robert Byrne

THE player who made the greatest leap forward in the first quarter of 1998 is Alexei Shirov, a 25-year-old former Latvian grandmaster who moved to Spain. He has leapfrogged Vladimir Ivanchuk, Veselin Topalov and Anatoli Karpov to reach fourth place in the International Chess Federation rankings.

An example of the improved Shirov is his defeat of Karpov with an unusual positional combination in Monaco.

The strategic plan of the Panno Variation, 6...Nc6 and 7...a6, of the King's Indian Defense is to keep open a wing thrust with ...b5 or a center thrust with ...e5. One of its major points is that e4 is strongly countered by 8...Bg4 9 Be3 Nd7 10 h3 Bf3 11 Bf3 e5 12 d5 Nd4 13 Bg2 c5, when Black takes a heavy bite in the center.

After 9 Rb1, the two players arrived at the same position, as in their game in Wijk-aan-Zee in January, but then following 9...Na5 10 Qa4 b6 11 c5! Bd7 12 Qa3, Shirov varied from his suggestion in Informant 71 that 12...Qe8 13 b3

KING'S INDIAN DEFENSE			
White	Black	White	Black
Karpov	Shirov	Karpov	Shirov
1 d4	Nf6	18 Ne2	Bf5
2 c4	g6	19 e4	Bd7
3 Nf3	Bg7	20 Nd1	Rb8
4 g3	0-0	21 f4	Ba4
5 Bg2	d6	22 Qa4	Nd3
6 0-0	Nc6	23 Nf3	Ne1
7 Nc3	a6	24 Ne1	Qb1
8 Re1	Rb8	25 Qa5	Qc1
9 Rb1	Re8	26 Bf3	Bd4
10 e5	Na5	27 Kf2	Rb3
11 Nd2	Qd8	28 h4	Ra3
12 a3	Ng4	29 Qd8	Kg7
13 Qc2	Ne5	30 e5	Qd2
14 b3	b5	31 Ng2	Rf3
15 h3	bc	32 Qe7	de
16 bc	Rb1	33 h5	Qd1
17 Ncb1	Qa6	34 Resigns	

would concede White only a slight superiority. And his delicate temporizing with 9...Re8 in the game seemed to throw Karpov off stride.

Shirov opened the b file with 15...bc 16 bc to prepare operations with 16...Rb1 17 Ncb1 Qb6.

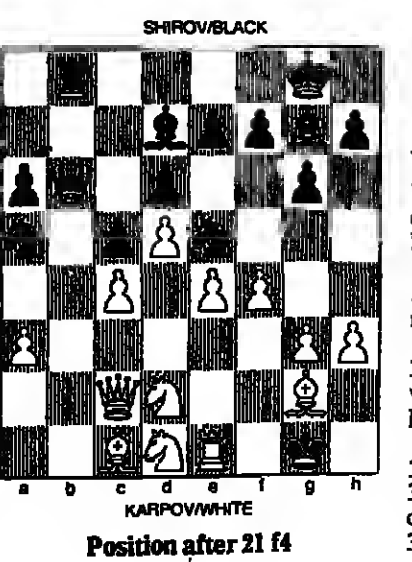
After 18 Nc3, Shirov could not grab a pawn with 18...Nec4? because of 19 Nc4 Nc4 20 Qa4!, winning a rook for a knight. But after 18...Bf5 19 e4 Bd7, Shirov was ready to go for it.

With 20...Rb8, Shirov prepared a subtle combination: after 21 f4 Ba4! 22 Qa4 Nd3 23 Nf3, he gave up two minor pieces for a rook with 23...Ne1! 24 Ne1 to invade the white position with 24...Qb1. After 25 Qa5 Qc1, bc aimed to exploit the awkwardness of the white knights lined up on the first rank.

Karpov tried a sortie of his own with 29 Qd8, but the queen had no pieces nearby from which to get support.

After 29...Kg7, Karpov's desperate 30 e5 was calmly ignored by Shirov, who picked up a piece with 30...Qd2 31 Ng2 Rf3.

After 33...Qd1, a counterattack with 34 h6 fails against 34...Kh6 35 Qf8 Kh5 36 g4 Kg4 37 Qc8 f5, when White cannot defend against either 38...Rb3 mate or 38...Qg1 mate. Karpov gave up.



Position after 21 f4

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Dollar Rises on Uncertain Outlook in Asia

Spain Sells Last Stake In Endesa

10

 Amsterdam Institute of Finance

Banking and Risk Management In Emerging Markets		(June 2-5)
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Advanced Corporate Finance		
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- Financial Innovation In Corporate Finance		(Oct. 19-23)
Advanced Financial Statement Analysis		(Oct. 26-28)

Continued on Page 18

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ASIA/PACIFIC

Singapore's Economy Braces for More Asian Shock Waves

By Michael Richardson
International Herald Tribune

SINGAPORE — The government reaffirmed Monday that its economy was expected to grow between 2.5 percent and 4.5 percent in 1998, far slower than in recent years but faster than many neighboring countries that are struggling to surmount Asia's economic slowdown.

But an increasing number of economists say they are concerned that the island state will be hit much harder than it thinks by the turmoil in nearby Indonesia and may even slide into recession for the first time in more than a decade.

With the recent anti-government riots, protests and attacks on ethnic Chinese businesses in Indonesia disrupting an economy already brought close to paralysis by falling banks and companies, rampant inflation and wild fluctuations in the rupiah, any Indonesian recovery is likely to be increasingly long and difficult.

Singapore, which is separated from Indonesia by only a few kilometers of sea and has extensive economic ties with its giant neighbor, stands to lose much if the tur-

moil continues or gets worse even though its own economy is well managed and relatively robust, some analysts said.

"The harsh impact of an economically crippled Indonesia will be apparent across a broad band of the Singapore economy," Dresdner Kleinwort Benson research, a unit of Dresdner Bank of Germany, warned clients in its latest Asian quarterly outlook. "Singapore's service sector cannot avoid being hit, including shipping, air transport, trade financing, insurance, private banking, hotels and the retail trade."

In another government report, unemployment in Singapore rose to 2.2 percent from 2 percent in the previous quarter, representing the layoff of 7,000 people in the first part of the year, the ministry said. It said 74 percent of those jobs were in manufacturing and noted that overall productivity fell by 0.3 percent.

Singapore's stock market, which has fallen heavily in recent days as Indonesia's woes have multiplied, was dragged down again Monday by concern over strife in Indonesia. The benchmark Straits Times Industrials Index lost 2.29

percent, or 30.39 points, to close at 1,291.74.

Still, the Ministry of Trade and Industry said that it was maintaining its forecast, first made in February, for Singapore's gross domestic product to grow between 2.5 percent and 4.5 percent in 1998, after adjustment for inflation.

But the ministry warned that this projection "assumes no major deterioration in the external environment." It also said that the regional economic slowdown had "begun to bite" as the Singapore economy slowed from an annual growth rate of 5.6 percent that was reported in the first quarter.

Reflecting the view of most economists, Flemming Larsen, deputy head of the International Monetary Fund's research department, said recently that the IMF expected the Singapore economy to grow between 3 percent and 4 percent in 1998. He added that it was very unlikely to slide into recession.

While such rates are welcome in many parts of the world, in Singapore they compare poorly with the 7.8 percent growth registered in 1997 and the double-digit annual

expansions of the early 1990s that have sharply raised the expectations of many Singaporeans, who have come to think that such stellar growth will continue indefinitely.

Although Singapore has extensive trade ties with other Asian economies, about half of its domestic-generated exports go to the United States and the European Union — two huge markets that are still recording healthy growth.

But Chia Woon Khien, head of Asian research at SE Bank Ltd., said Singapore's exposure to Indonesia was not fully discounted by the markets. "People don't know the full extent of the exposure," she added.

Singapore is so sensitive about its relations with Indonesia that it does not publish official figures on its trade with the republic, partly because they would show how much of Indonesia's export-import business flows via Singapore and its port — a dependency that could be embarrassing for Jakarta.

Economists estimate that between 10 percent and 13 percent of Singapore's trade — a worth around \$20 billion a year — is with Indonesia. Singapore's banks have loans

worth more than \$1 billion outstanding in Indonesia, while its companies have made even larger investments there.

In addition, Indonesians have investments and property in Singapore estimated at about \$3 billion, and account for some 16 percent of tourist arrivals who spend about \$590 million a year, Reuters reported.

Lack of buying or sales by Indonesians has helped push Singapore's property prices down sharply this year.

Santander Investment, a unit of Banco Santander of Spain's financial services group, said in its latest quarterly review that it was cutting its 1998 gross domestic product growth forecast for Singapore to minus 0.3 percent from 3.5 percent because of East Asia's economic slowdown and the recession in Indonesia, which it said would be more severe than anticipated. Some other economists, while in the minority, are also worried Singapore may slip into recession.

"The ramifications of the Indonesian turmoil on the Singapore economy have been grossly underestimated," Santander said.

Investor's Asia			
Hong Kong Hang Seng	Singapore Straits Times	Tokyo Nikkei 225	
15300	2500	17500	
12500	1800	16000	
11000	1600	15000	
10500	1400	14000	
9500	1200	13000	
8000	1000	12000	
Exchange	Index	Monday Close	Prev. Close % Change
Hong Kong Hang Seng		9,411.97	9,538.39 -1.33
Singapore Straits Times		1,291.74	1,322.03 -2.29
Sydney All Ordinaries		2,733.30	2,755.60 -1.19
Tokyo Nikkei 225		15,384.47	15,242.88 +0.93
Kuala Lumpur Composite		549.99	566.85 -2.97
Bangkok SET		357.21	369.83 -3.41
Seoul Composite Index		359.00	352.83 +1.75
Taipei Stock Market Index		8,134.89	8,167.50 -0.40
Manila PSE		2,125.41	2,128.60 -0.15
Jakarta Composite Index		388.92	4,05.937 -4.19
Wellington NZSE-40		2,220.42	2,229.15 -0.39
Bombay Sensitive Index		3,908.48	3,849.80 +1.52

Very briefly:

- Nikon Corp. posted a 68 percent decline in parent pretax profit for the year ended March 31, to 3.0 billion yen (\$22.4 million). The company, which is known for camera equipment but gets a large share of its profit from semiconductor manufacturing equipment, was hurt by a cut in capital spending by chipmakers. Sales fell 0.6 percent, to 293.9 billion yen.
- Sing Tao Holdings Ltd. and Mingly Corp. asked for trading to be suspended in their shares amid reports that Sing Tao's chairman, Sally Aw Sian, would sell her entire stake in the Hong Kong newspaper company to Mingly.
- Thailand's finance minister, Tarrin Nimmanaheminda, said the International Monetary Fund agreed to relax some austerity measures under its \$17.2 billion bailout package for Thailand. He said the IMF would allow the government and state enterprises to adopt bigger budget deficits as long as monetary policy remained prudent. He did not elaborate.
- Thailand's central bank said Krung Thai Thanakit would buy and merge the assets of seven insolvent finance companies in return for a commercial banking license.
- Japanese corporate insolvencies in April jumped 26.3 percent from a year ago, to 1,700 companies, the eleventh straight month of increases, the research agency Teikoku Daibank Ltd. said.
- Nike Inc. has dropped plans to open a new apparel factory in Vietnam, citing difficulties with local business partners and a slump in worldwide sales. The project was dropped in November and no announcement was made at the time.
- Rohm Corp. posted a 33.9 percent rise in group net income, to 60.98 billion yen, for the year ended March 31, the seventh straight year of record earnings by the maker of electronic components.
- Deutsche Bank AG, one of Indonesia's major corporate creditors, said the timing of the next round of Indonesian debt talks, originally scheduled for May 26, was being reviewed because of the crisis in the country.

AFP, Bloomberg

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The undersigned announces that in accordance with the decision of the Annual General Meeting of Shareholders held on May 18, 1998 the dividend for the financial year 1997 ended as per December 31 has been settled at NLG 0.76 per share of nominal NLG 25.- each. The dividend distribution is subject to 25% dividend withholding tax.

The dividend will be paid as from May 28, 1998 at the office of ABN-AMRO Bank N.V., Fopplingadreef 22, Amsterdam and Banque de Neufilze, Schlumberger, Mallet S.A., 3, Avenue Hoche, Paris.

Holders of CF-shares will receive their dividend through the intermediary of the institutions where the dividend sheets were in custody on May 18, 1998 at office closing time. Holders of shares registered in its shareholder's register will receive the dividend directly from the company.

Amsterdam, May 18, 1998

The Manager:
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Hong Kong Joblessness at 14-Year High

Compiled by Our Staff from Proprietary

HONG KONG — The unemployment rate in Hong Kong rose to a 14-year high of 3.9 percent in the three months ended April, the government said Monday, as the city confronted a vicious circle of falling property prices, slumping consumer spending and rising joblessness.

The unemployment rate, up from 3.5 percent in the January-March period, was the highest since the three months to April 1984, when it reached 4.1 percent, the government said. Economists and officials said unemployment may keep rising as the economy bogs down.

"I think we have got to accept the fact that we are in an economic adjustment situation," Joseph Wang, the secretary for education and manpower, said. "We have got to accept the fact that high unemployment is going to stay for a while."

Hong Kong has suffered a sharp economic downturn since October when its financial markets were dragged into the currency turmoil affecting Southeast Asia. High interest rates have triggered a collapse in stock prices and property values, and a painful liquidity crunch is crippling many companies.

"It is pretty obvious that there is still

more bad news to come," said Clive McDonnell, head of economic research at SG Securities. He saw unemployment at about 4.0 percent for the whole of 1998. "Obviously, it can rise above that in the coming months."

Many Hong Kong companies have little choice but to cut jobs as the economy slows.

Nissan Weighs Plan to Slash Debt

Bloomberg News

TOKYO — Nissan Motor Co. said Monday it was considering a three-year plan to slash 1 trillion yen (\$7.47 billion) in debt by selling its Tokyo headquarters, consolidating dealer networks and finding buyers for assets owned by affiliates.

Nissan has posted group net losses in four of the last five years because car buyers have been turned off by its conservative styling and relatively few models in the popular sport-utility segment, analysts said.

The Japanese newspaper Mainichi Shimbun reported that Nissan would raise 150 billion yen by selling its headquarters in the posh Ginza district

of Tokyo and a plot of land in Tokyo's Suginami ward. Another newspaper, the Yomiuri Shimbun, said Nissan also would cut its dealer networks by half, to two, and sell factories and equipment owned by two affiliates, Nissan Shatai Co. and Aichi Machine Industry Co.

"We're looking into a number of things but nothing has been decided yet," a Nissan spokesman said.

Nissan, which has said it will sell some or all of its 39.8 percent stake in Nissan Diesel Motor Co. to Daimler Benz AG, said profit for 1997 would shrink to 16 billion yen from 77.7 billion yen in 1996. Nissan shares rose 2.9 percent Monday, to 458 yen.

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 - US Bond
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 - Asian Tigers Equity
 - China Equity
 - Japan Equity
- Latin America Funds:
 - Latin America Equity
 - Latin America Bond
- Global Funds:
 - Global Emerging Markets Equity
 - Global Bond
 - Interest Growth
- Eastern Europe Fund:
 - Eastern Europe Equity

International Fund Awards 1997

- Microcap Awards:
 - Global Fund Award: Best Equity Manager (over 3 years)
 - International Seven Winner: Europe Equity Fund (over 3 years)
 - Best Equity Manager (over 1 year)
 - Best Equity Manager (over 1 year)
 - Best Equity Manager (over 1 year)
- CASH BOND Awards:
 - Best Bond Manager (over 3 years)
- Best of Best:
 - Best Bond Manager (over 3 years)
- Portfolio International:
 - Best International Fund (over 3 years)
 - Best International Fund (over 3 years)

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SPORTS

Bulls Show Their Brains

Defensive Stratagem Overcomes Punchless Offense

By Michael Wilbon
Washington Post Service

CHICAGO — A defensive plot hatched by Scottie Pippen, Michael Jordan and Ron Harper completely smothered the Indiana Pacers and served as a reminder that the basketball intellect of the Chicago Bulls may be the team's greatest strength.

The Bulls took a 1-0 lead in the best-of-seven Eastern Conference finals despite shooting 35 percent, despite getting only four points from Pippen, despite getting just one first-half field goal from Jordan. Chicago's

NBA PLAYOFFS

best defensive performance of the postseason was responsible for an 85-79 victory on Sunday over Indiana before the usual sellout throng at the United Center.

Pippen, even with only one field goal and four points, was the dominant player in the game because he forced Indiana's Mark Jackson to commit seven turnovers. And when the long-armed Pippen wasn't forcing turnovers, he was preventing Jackson from locating teammates like Reggie Miller, Rik Smits and Chris Mullin in Indiana's usual offensive sets.

Against the Pacers, Chicago usually puts Harper on Jackson, Jordan on Miller and Pippen on Mullin. But Jordan, Harper and Pippen met earlier in the week and decided the team would be better served by putting Pippen, probably the best all-court defender in the National Basketball Association, on Jackson. Jordan, who has been playing against Mullin since the two were high school seniors in 1981, felt he knew Mullin inside and out. Harper, who apparently drew the short straw, got the explosive Miller. The players took the plan to Coach Phil Jackson, who approved it.

Miller, guarded by Harper, got off only 14 shots and made just five to finish with 16 points. Mullin, tightly guarded by Jordan,

took only four shots and finished with two points. The 26 turnovers the Bulls forced resulted in 27 points for Chicago. Pippen, directly or indirectly, was responsible for probably half of those Indiana mistakes.

Chicago's defensive plan "kinda threw us for a loop," Miller said. "It just disrupted everything we do." It's now up to the Pacers to make adjustments in time for Game 2 here on Tuesday night.

Asked if this was the tightest defense he team had faced this season, Coach Larry Bird of the Pacers said: "No question about it." On top of all that, Dennis Rodman was replaced in the starting lineup by Toni Kukoc, but he scored 11 points and grabbed 10 rebounds in just 23 minutes before fouling out. It was his energy that kicked off the Bulls' 16-0 run in the third quarter, which turned their 40-31 deficit into a 47-40 lead.

Still, it was the Pippen-Jordan-Harper trio that drove the Pacers crazy. Pippen picked up Jackson in the back court on most possessions and stayed in front of him all the way upcourt. Chicago's Luc Longley stayed in front of Rik Smits. And with Harper able to fight through screens to cover Miller, Jordan didn't have to leave Mullin to double-team.

"I wanted to guard Jackson," Pippen said, "because he's the guy who really makes this team click. And with my size I can take away some of what he sees. I thought I could get up on him and cause some havoc. But I could feel in the first quarter I was getting tired. I told Michael, 'You're going to have to carry it'" on the offensive end.

Against New York in the second round of the playoffs, Jackson went down low whenever he wanted post-up baskets against the shorter Knicks' guards. "He wasn't going to post me up, and if he tried we weren't going to need to double-team," Pippen said.

The Bulls needed every defensive stop and turnover after shooting 18.2 percent in the first quarter and 27.5 percent in the first half. Jordan, Pippen and Kukoc combined to make



The Bulls' Dennis Rodman snaring a rebound from Antonio Davis of the Pacers.

only 3 of 24 shots before halftime.

When the Pacers solved the Bulls' defense enough to pull to 66-65, Jordan scored six straight points to stretch Chicago's lead to 73-65 with seven minutes left.

On Monday, Jordan, who scored 25 of his game-high 31 points in the second half, was named the NBA's most valuable player for the fifth time. "It's a great compliment," Jordan said. "I really got out there each and every night and try to do my job."

Clippers Win Top Pick in Lottery

The Los Angeles Clippers won the lottery for the right to pick first in next month's National Basketball Association draft, The

Associated Press reported from Secaucus, New Jersey.

The Vancouver Grizzlies were drawn first at the lottery on Sunday. But under an agreement finalized when the Grizzlies and the Toronto Raptors entered the league in 1995, neither Canadian team can have the No. 1 pick until 1999. The Grizzlies will pick second in the draft, which will be held in Vancouver on June 24.

Denver will pick third, Toronto will pick fourth and Golden State will select fifth. If the Warriors had won one of the first three picks, they would have had to give it to Orlando as part of the Chris Webber-Anfernee Hardaway trade in 1993.

In Survival Fight, Blues Beat Wings

By Helene Elliott
Los Angeles Times Staff

DETROIT — The St. Louis Blues, fighting for survival, clawed their way to a 3-1 victory over the Red Wings to stretch their Western Conference semifinal series to at least one more game.

The two teams meet in St. Louis on Tuesday with Detroit holding a 3-2 lead.

The Blues took their cue from Grant Fuhr, their goaltender. Fuhr, 35, was coming off a performance he regretted and he approached what could have been their final game of the season — and last game as a team before free agency breaks them up — defiantly and without doubts.

"Being dead and giving up doesn't work for me," Fuhr said. "A lot of guys here feel the same way. We're not going to surrender."

The Blues rarely gave up the puck and never gave up hope Sunday. They played a solid defensive game and slowed Detroit in the neutral zone.

"We're living another game," said Marc Bergevin, the Blues' defenseman whose frantic dive saved a goal 35 seconds into the third period after a shot by Nicklas Lidstrom bounced off the inside of Fuhr's left leg and spun toward the goal line. "This was a Game 7 for us and a Game 5 for them. Hopefully

on Tuesday we will have the same attitude of desperation."

Despite being one victory from clinching their fourth consecutive berth in the conference finals, the Red Wings were curiously passive for most of the game. Unable to get anything past Fuhr during a five-on-three power play, early in the first period, they fell back into their old habit of looking for perfect plays instead of grinding out goals as the Blues did. They were scoreless on nine power plays and are three for 35 in the series.

"We were a little fancy in the first period and we got away with it," winger, Brendan Shanahan said. "Then it came back to haunt us later."

Geoff Courtnall's first goal of the series, a deflection of a shot by Bergevin at 1:44 of the second period, and an opportunistic goal by defenseman Mike Eastwood 74 seconds later. Killed the ready-to-party mood among the fans. Todd Gill's long, power-play blast, which was deflected before it reached goalie Chris Osgood, put the Red Wings in too deep a hole to escape against a team playing as tenaciously as the Blues did.

The Red Wings did produce a short-handed goal by Martin Lapointe at 11:03 of the second period.

SCOREBOARD

BASEBALL

MAJOR LEAGUE STANDINGS

AMERICAN LEAGUE

EAST DIVISION

Team	W	L	Pct.	GB
New York	23	15	.605	0
Boston	20	18	.526	3
Baltimore	19	19	.500	4
Tampa Bay	17	21	.447	7

CENTRAL DIVISION

Team	W	L	Pct.	GB
Cleveland	22	16	.577	0
Minnesota	17	21	.447	5
Chicago	16	22	.423	6
Kansas City	14	24	.369	8

WEST DIVISION

Team	W	L	Pct.	GB
Texas	26	16	.619	0
Seattle	21	21	.500	5
Oakland	18	24	.430	8

NATIONAL LEAGUE

EAST DIVISION

Team	W	L	Pct.	GB
Atlanta	21	17	.556	0
New York	20	18	.526	1
Philadelphia	20	21	.488	4
Montreal	15	27	.357	10

CENTRAL DIVISION

Team	W	L	Pct.	GB
Houston	22	15	.595	0
St. Louis	22	19	.537	4
Chicago	21	20	.515	5
Pittsburgh	20	21	.486	6

WEST DIVISION

Team	W	L	Pct.	GB
San Diego	22	14	.611	0
San Francisco	20	19	.514	2
Los Angeles	18	22	.450	4
Arizona	18	24	.430	6

SUNDAY LEAGUES

AMERICAN LEAGUE

Team	W	L	Pct.	GB
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Tampa Bay	17	21	.447	7

CENTRAL DIVISION

Team	W	L	Pct.	GB
Cleveland	22	16	.577	0
Minnesota	17	21	.447	5
Chicago	16	22	.423	6
Kansas City	14	24	.369	8

WEST DIVISION

Team	W	L	Pct.	GB
Texas	26	16	.619	0
Seattle	21	21	.500	5
Oakland	18	24	.430	8

NATIONAL LEAGUE

EAST DIVISION

Team	W	L	Pct.	GB
Atlanta	21	17	.556	0
New York	20	18	.526	1
Philadelphia	20	21	.488	4
Montreal	15	27	.357	10

CENTRAL DIVISION

Team	W	L	Pct.	GB
Houston	22	15	.595	0
St. Louis	22	19	.537	4
Chicago	21	20	.515	5
Pittsburgh	20	21	.486	6

WEST DIVISION

Team	W	L	Pct.	GB
San Diego	22	14	.611	0
San Francisco	20	19	.514	2
Los Angeles	18	22	.450	4
Arizona	18	24	.430	6

SUNDAY LEAGUES

AMERICAN LEAGUE

Team	W	L	Pct.	GB
Cleveland	23	16	.592	0
Seattle	21	18	.543	2
Philadelphia	20	21	.488	4
Montreal	15	27	.357	10

NATIONAL LEAGUE

Team	W	L	Pct.	GB
Atlanta	21	17	.556	0
New York	20	18	.526	1
Philadelphia	20	21	.488	4
Montreal	15	27	.357	10

BASEBALL

MAJOR LEAGUE STANDINGS

AMERICAN LEAGUE

EAST DIV

ART BUCHWALD

A \$6 Billion Smoke

WASHINGTON — The tobacco companies settled with the state of Minnesota for \$6 billion. This sounds like a lot of money until you realize you couldn't even buy the Chrysler Corporation for that.

This was the third billion-dollar tobacco settlement made with a state. Texas and Florida are being paid off with even larger sums. So the question arises, how will they pay for it when the tobacco companies settle with the rest of the 47 states at an average of \$6 billion each? Like it or not, it will cost the companies \$282 billion, which, as everyone knows, is not chopped liver.

I asked a tobacco executive how he and other companies

were going to raise \$282 billion. He replied, "Have you ever heard of the People's Republic of China?"

"Is that where you hope to get the money?"

"There are more than a billion people in China. If every man, woman and child buy just one pack of cigarettes a year, we'll be in clover."

"Then there are no rules against smoking in China."

"On the contrary. The government would rather have its people smoke than produce more than one child. We're all set to go. The Chinese haven't had much advertising in the past, so we're plastering the Great Wall from one end to the other with the Marlboro Man."

"What about Joe Camel?"

"We're taking out TV spots on the Tibetan network, and we're going to bring the Virginia Slims tennis tournament to Mongolia. We've got all the bases covered."

"Aren't you concerned that the Chinese government will have smoking and o-smoking areas for student political demonstrations?"

"No, unlike America, the Chinese believe in free choice."

"Suppose the Chinese don't smoke as much as you want them to?"

"Have you ever heard of the Eastern Bloc?"

"You mean Poland, Hungary and Romania?"

"We figure whatever they smoke will pay for whatever we're fined in New York and California."

"How will the Chinese pay for the cigarettes?"

"By selling the Americans ashtrays."

Romanian Awarded Dublin Literary Prize

Reuters

DUBLIN — Herta Muller of Romania won the world's richest prize for a single work of fiction on Monday for a novel about friends killed under the Stalinist regime of Nicolae Ceausescu.

"The Land of Green Plums" beat works by Margaret Atwood of Canada and Graham Swift of Britain to win \$140,000 and the International IMPAC Dublin Literary Award.

"I wrote this in memory of my Romanian friends who were killed under the Ceausescu regime. I felt it was my duty," said Muller, who was born into Romania's German-speaking minority in 1953. She now lives in Germany.

A Taiwan Filmmaker's Relentless Dark Side

By Joan Dupont
International Herald Tribune

CANNES — Tsai Ming-Liang, Taiwan's rising-star director, is at Cannes for the first time and has spent his day in the kitchen. "He brought his own condiments," said Peggy Chiao, Tsai's producer. "He's an inspired chef."

Spicy beef, chicken curry, pickled vegetables, green beans and marinated mushrooms make up the main course. This from a man whose characters feed only on instant noodles.

"Actually, they're very good," the director said. "Just add hot-water and stir."

Water, however, is a crucial problem in "The Hole," Tsai's newest movie, which is in competition at the Cannes film festival.

At the end of the century, the film goes, a scourge has hit Taipei: The water is contaminated, the population is being urged to

CANNES FILM FESTIVAL

flee. A young man and the woman who lives in the apartment below him stay on. Outside, it's pouring rain, and within, leaks make a hole in the boy's floor through which he can spy on the woman; the hole becomes a kind of connective tissue.

This is ideal Tsai landscape: relentless rain, foggy windows, flooded rooms and people who communicate — barely — through their plumbing problems.

"It's hard for people to love," the director said. "This is what I feel, and I made a story about that feeling. My movies are not realistic. I transform feelings, then add details."

Tsai has been cooking up his haunting end-of-the-world scenarios since "Rebels of the Neon God" (1992), "Vive l'Amour" (Venice/Gold Lion, 1994) and "The River" (Berlin Silver Bear, 1996).

"If I make movies with so few ingredients," he said, "it's because these are the images that reflect my inner life. I use my solitude to create. I enjoy being alone — I suffer, too. I could stay in my apartment for days and not go anywhere."

In "The River," after a swim in Taipei's Tang Shai River, a young man, played by Lee Kang-Sheng — the frail hero of all Tsai's films — comes down with a mysterious crick in the neck that becomes crippling as his anguished family seeks a cure.

Some people said I was immoral because the film shows masturbation, homo-



Tsai Ming-Liang flanked by Yang Kuei-Mei, left, and Lee Kang-Sheng at Cannes.

sexuality and incest," Tsai said. "The gay community was offended because they felt I showed the dark side of gay life."

In "The Hole," Lee again plays an almost mute hero, while Yang Kuei-Mei, who cried her heart out in "Vive l'Amour," gets to sing and dance in a recreation of glamorous 1950s musicals.

"I believe that women are stronger," said the director, who looks like a monk with his solemn steel-rimmed glasses and a buzz-cut — a monk about to break out laughing. "I added music in this film because I felt that after 'The River' I needed to change; I had gone into a deep melancholy. But there's also humor in my movies. In life, so much that's absurd turns out to be funny on film."

The musical numbers are dream sequences (to "contrast with the grimness") and were inspired by the Hong Kong singer Grace Chang, whom Tsai admired as he was growing up.

Alienation, teenagers in the lurch, the leaky rooms and poor underpinnings of a rich country are themes that also hover in

films by two of Tsai's compatriots, Hon Hsiao-Hsien and Edward Yang. The melancholy of first and second generation directors in Taiwan, Tsai said, "has something to do with our parents who fled the mainland and lost their country and culture."

Tsai's father and grandfather settled in Malaysia, where he was born. "They left because of poverty, not for political reasons, but they had this sense of exile and they dreamed of returning to their hometown," he said. "They tried to make a lot of money to return. But those who went back couldn't stay because they weren't used to life in China."

"And we children never really knew where the hometown was. When I was a kid, they told me it was China, but I felt it was Malaysia. And when I went to Taiwan, again I felt estranged. This exile, these emotions, influenced our view of life."

The director came from a family of seven children. His father ran a noodle stand in front of a temple, his mother raised chickens. "When they got busy making money, my grandfather took me in. I was his favorite."

he said. "I always dreamed of Taiwan as a romantic place, the way we saw it in the movies — we even pictured snow. But there's never snow except in the highest mountains."

His father was happy when Tsai went to study in Taiwan in 1977. "The country was under martial law, and he felt I'd be kept down — no long hair or strange clothes," Tsai said. "But when I graduated from the university's theater-arts department, martial law was repealed and things changed fast, the economy boomed. I was able to go back and forth and compare."

He was also able to compare the cinemas of the three Chinas: Hong Kong, the mainland and Taiwan. "But when I graduated from the university's theater-arts department, martial law was repealed and things changed fast, the economy boomed. I was able to go back and forth and compare."

"The Hong Kong industry is influenced by Hollywood, so they make genre movies for mass production and they have a star system," Tsai said. "They have the toughest time — the directors are trapped by the system, they're up against commercial realities. The mainland has been closed for so long, people have been pressured by politics, but you can feel the situation changing. In Taiwan, after martial law, things changed fast — we see more movies from the rest of the world and film culture is developing."

The taste for Chinese films, sparked by the success of Chen Kaige and Zhang Yimou, has grown with fresh talent from Taiwan and Hong Kong. So Tsai is part of a new generation that is being feted. Two years ago, the Film Center of Chicago's Art Institute sent his films on a tour to Lincoln Center and the University of California, Los Angeles.

"The Hole" was produced by a French company, Haut et Court, and Arte, the French-German television network. Haut et Court came up with the concept of an end-of-the-millennium series to be directed by 10 filmmakers from around the world.

Chiao, Tsai's producer, said she met him as a student. She and the French distributor Marin Karmitz will produce his next film, set in Paris, and she accompanies him to festivals as his interpreter.

The media in Taiwan is more reserved about Tsai's films with their afflicted heroes, homosexual themes and murky atmosphere. They put down his popularity on the international scene and point out his slim pickings at the box office. When Tsai is asked how he takes the criticism, he answers, "I have learned to ignore these kinds of opinions."

PEOPLE

ARRIVING in Windhoek, Namibia, Michael Jackson was mobbed at the airport by fans with no hope of seeing him perform. He was there not for a concert, but for an economic summit meeting. Jackson was a guest at the Southern African Economic Summit, invited by the company representing General Motors. "To me it's Eden," Jackson said of Namibia.

The French actor Gerard Depardieu was hurt slightly Monday when he fell off his motorcycle, said a spokesman for the rescue services in Clairefontaine-en-Yvelines. The 49-year-old actor slid off the motorcycle while taking a curve in the village west of Paris. He was being kept in a hospital for tests, the spokesman said.

Leonardo DiCaprio is set for a radical change of image after agreeing to play a yuppie serial killer in his first starring role since "Titanic." DiCaprio is to star in a \$10 million adaptation of the Brett Easton Ellis novel "American Psycho," due to begin shooting in the autumn. The novel tells the story of a New York stockbroker who leads a double life as a murderer.

Five Britons have set off from Beijing on Chinese motorcycles for a 14,000-kilometer (8,750-mile) journey back to Trafalgar Square in London. "The Chinese think we are crazy," said Simon Myers, a team member who quit his job for

the three-month trip. The group will travel along the old Silk Route into Pakistan, through the tribal lands of Baluchistan and into Iran. They will then cross into Europe through Turkey.

A BBC journalist who asked a senior cabinet minister the same question 14 times — and still failed to get a straight answer — received an award for "interview of the year" from the Royal Television Society. Jeremy Paxman, who is known for his tenacity, questioned the former home secretary Michael Howard last year about a dispute over the running of an Isle of Wight prison. Paxman asked Howard if he had threatened to

overrule the prisons chief, repeatedly going back to "did you, yes or no?" every time Howard avoided a direct answer.

Trustees of the memorial fund for Diana, Princess of Wales, are considering about 1,000 commercial deals that could generate hundreds of millions of dollars for her favorite charities. The BBC program Panorama said, despite criticism by her brother, Earl Spencer, Diana's family says the fund has lent its name to several inappropriate projects.

Nate Thayer, a Bangkok-based journalist who last fall sold a story about Pol Pot to ABC's "Nightline," rejected the prestigious Peabody award for the piece, saying ABC and Ted Koppel stole his work. Thayer said in The New Yorker that Koppel promised the story would be a one-week exclusive with North American television rights only. It was the first time in nearly 20 years that the Cambodian dictator, who died in March, was caught on camera. But before the story went on the air, Thayer said ABC shipped photos of the footage worldwide, put the news on its Web site and allowed The New York Times to preview part of the story in a publicity effort.

The Rolling Stones postponed their European tour on Monday after the lead guitarist Keith Richards, 53, injured his chest and ribs in a fall from a ladder at his Connecticut home.

Liverpool Tate Is Set to Reopen

New York Times Service

LIVERPOOL, England — After an 18-month, \$11.3 million redevelopment of its home in the Albert Dock complex on the River Mersey, the Tate Gallery Liverpool — the National Collection of Modern Art in the North of England — will mark its 10th birthday on Saturday with a celebratory reopening.

Ushering in the refurbished Tate are four exhibitions, including "The Spirit of Cubism," running through April of next year, with works by Picasso, Braque, Juan Gris and Leger.



A magazine ad for the "The People's Princess Doll."



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